



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

April 18, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**APPROVE MITIGATED NEGATIVE DECLARATION,
ADOPT MITIGATION MONITORING AND REPORTING PROGRAM, AND
APPROVE TOTAL PROJECT BUDGET AND JOINT POWERS AGREEMENT
FOR THE SUN VALLEY HEALTH CENTER PROJECT
(C.P. No. 69214)
(Third District) (3-Votes)**

**JOINT RECOMMENDATIONS WITH THE DIRECTORS OF THE HEALTH SERVICES
DEPARTMENT AND DEPARTMENT OF PUBLIC WORKS THAT YOUR BOARD:**

1. Approve the Mitigated Negative Declaration (Enclosure B) for the Sun Valley Health Center Project together with the comments received during the public review process, find that the project will not have a significant effect on the environment, and that the Mitigated Negative Declaration reflects the independent judgment of the County.
2. Adopt the Mitigation Monitoring and Reporting Program included in the Mitigated Negative Declaration to ensure compliance with mitigation measures for the project.
3. Find that the project will have no adverse effect on wildlife resources and authorize the Director of Public Works to file a Certificate of Fee Exemption for the project.
4. Find that the Sun Valley Health Center project is necessary to meet the social needs of the population of the County in the areas of health and education, pursuant to Government Code section 26227.

5. Approve the total project budget of \$7,406,000 for the design and construction of the Sun Valley Health Center project.
6. Approve a Joint Powers Agreement between the County of Los Angeles (County) and Los Angeles Unified School District (LAUSD), as attached in substantially final form (Enclosure C), and instruct the Mayor to execute the finalized Joint Powers Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

Approval of the recommended actions will allow for the design and construction of an approximately 10,840 square foot community health center located adjacent to the Sun Valley Middle School on LAUSD property. Your Board is also being requested to approve a 42-year, Joint Powers Agreement (Agreement) between the County and LAUSD, which provides for the construction and operation of the proposed health center.

Background

Sun Valley lies within the East Valley Health District with a population of approximately 730,000 and includes 98,000 adults and 27,000 children who are medically uninsured. The service area for the Sun Valley Health Center is federally designated as a Medically Underserved Area (MUA), in which the population faces economic or cultural and/or linguistic access barriers to primary medical care services. The area has also been designated as a Federal Health Professional Shortage Area (HPSA), in which primary medical care professionals are overextended, inaccessible to the population due to distance, and the ratio of population to full-time-equivalent primary care physicians is at least 3,500:1. The nearest DHS operated facilities available to these residents are Mid-Valley Comprehensive Health Center in Van Nuys and Olive View Medical Center in Sylmar, located five miles and 14 miles from Sun Valley Middle School, respectively. In addition, within the three zip codes surrounding the Sun Valley Middle School (91352, 91605 and 91606) more than 28,000 people are living at or below the poverty level. LAUSD estimates that over 95 percent of the students attending schools in the area qualify for the free and reduced cost lunch program, an indicator of poverty level.

Proposed Project

The new school-based health center at Sun Valley Middle School will provide access to much needed health services to students, their families, and the community at large. The proposed Sun Valley Health Center will include 13 exam rooms, nurse station, offices for counselors, doctors, and dietitian, business office with medical records, dispensary, lab/phlebotomy, health education and community meeting rooms, staff lounge, and other related facilities. A total of 72 parking spaces will provide sufficient

parking for staff and patients. Project construction will be completed in two phases. The first phase which consists of the initial site work will be completed by a Public Works Job Order Contract. We will return to your Board to adopt and advertise for the second phase which entails construction of the health center structure and is expected to be completed by November 2007.

Pursuant to the Agreement, LAUSD will grant a license to the County to use a portion of the Sun Valley Middle School property to construct the Sun Valley Health Center. Northeast Valley Health Corporation (NEVHC), as the initial provider, will operate the health center under a Health Care Services Agreement with LAUSD. NEVHC was awarded the Health Care Services Agreement pursuant to a competitive bid process. The health center will be open weekdays with the potential for some evening and Saturday hours, if funding becomes available. NEVHC plans to staff the Sun Valley Health Center with physicians, a nurse practitioner, clinic nurses, a health educator, and possibly dental and mental health professionals as well as support staff.

Implementation of Strategic Plan Goals

These actions meet the County's Strategic Plan Goal of Service Excellence by promoting best practices for patient care and the Goal of Fiscal Responsibility by investing in public health infrastructure.

FISCAL IMPACT/FINANCING:

The total project cost estimate is \$7,406,000 including programming, design, jurisdictional reviews, construction, environmental services, County services, and site work. The project is funded by \$6,706,000 of Third District Capital Project net County cost, \$600,000 of DHS net County cost, and \$100,000 from a grant by the University of California at Los Angeles. Sufficient appropriation is included in the FY 2005-06 Capital Projects/Refurbishments Budget.

There is no commitment from the County to contribute to fund the operations of the health center. NEVHC and any successive provider will be responsible for the operations of the health center.

The Project Schedule and Budget Summary are included in Enclosure A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

During the initial planning of the project, DHS determined that in order to improve access to health care services in the underserved area of Sun Valley, a partnership with LAUSD and a community-based Federally Qualified Health Center (FQHC) entity was necessary. As a result, on October 27, 2004, LAUSD issued a Request for Proposal to

solicit FQHC entities to operate the proposed Sun Valley Health Center. NEVHC was unanimously selected by the Evaluation Committee, comprised of LAUSD and DHS staff, to be the initial provider for the Sun Valley Health Center. Thus, the final project is conceived as follows:

- LAUSD will provide the site adjacent to the Sun Valley Middle School for construction and operation of the Sun Valley Health Center.
- The County will construct the Sun Valley Health Center.
- LAUSD will contract with NEVHC, a FQHC entity, to operate the Sun Valley Health Center.

The Agreement will be for a term of 42 years, with additional 5-year extensions at the option of LAUSD and the County. In addition, the Agreement contains early cancellation provisions that may be exercised by either party or by mutual agreement, which include LAUSD's reimbursement of the amortized cost of the health center under specified circumstances and conditions.

The County is authorized to enter into joint powers agreements with other public entities pursuant to Government Code section 6500, *et seq.* A separate joint powers authority will not be required. The Agreement and expenditure of funds for the construction of this public health center is also authorized by Government Code section 26227, upon the finding of your Board that this cooperative agreement is necessary to meet the social needs of the population of the County in the areas of health and education.

The Agreement has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION:

As required by the California Environmental Quality Act (CEQA), a draft Mitigated Negative Declaration was prepared for this project and circulated for agency and public review on August 12, 2005, for a period of 30 days. During the public review period, nine written responses were received from the public. Comments received during the review period, responses to the comments, and the clarifications and revisions are contained in the final Mitigated Negative Declaration (Enclosure B).

The proposed Mitigation Monitoring and Reporting Program (Section 8 of Enclosure B) was also prepared to ensure compliance with the environmental mitigation measures included as part of the final Mitigated Negative Declaration relative to biological resources, cultural resources, and noise. The recommended measures to mitigate the environmental impacts will be incorporated into the construction bid documents. Based on the final Mitigated Negative Declaration, comments, clarifications, and revisions received, it has been determined that the project will not have a significant effect on the environment.

The Honorable Board of Supervisors
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A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The County is exempt from paying this fee if your Board finds that a project will have no impact on wildlife resources. The Initial Study of Environmental Factors concludes that there will be no adverse effects on wildlife resources. Therefore, it is recommended that your Board find that the project will have no adverse effect on wildlife resources and authorize Public Works to complete and file a Certificate of Fee Exemption for the project.

CONTRACTING PROCESS:

The project is being designed and managed by the Department of Public Works (Public Works). Following completion of design and obtaining the jurisdictional approvals, we will return to your Board to adopt and advertise for construction bids.


IMPACT ON CURRENT SERVICES (OR PROJECTS):

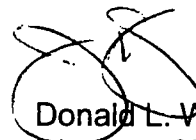
Establishment of this project will have no negative impact on current services or projects.

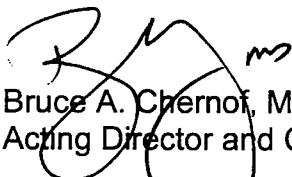
CONCLUSION

Please return one adopted copy of this letter to the Chief Administrative Office, Capital Projects Division, Public Works, and DHS, and three signed copies of the Agreement to the Chief Administrative Office.

Respectfully submitted,


David E. Janssen
Chief Administrative Officer

 For
Donald L. Wolfe
Director of Public Works


Bruce A. Chernof, M.D.
Acting Director and Chief Medical Officer
DEJ:BAC:DLW:hc

Enclosures (3)

c: County Counsel
Executive Officer, Board of Supervisors

ENCLOSURE A

**SUN VALLEY HEALTH CENTER PROJECT
SPECS. 6678; C.P. 69214**

I. PRELIMINARY PROJECT SCHEDULE

Project Activity	Scheduled Completion Date
Design	04/2006
Jurisdictional Approvals	05/2006
Site Preparation/Demolition	07/2006
New Construction, Bid and Award	07/2006
Construction Start	08/2006
Substantial Completion	08/2007
Final Acceptance	11/2007

II. PRELIMINARY PROJECT BUDGET SUMMARY

Budget Category	Project Budget
Plans and Specifications	
Programming	\$ 10,400
Design Services	481,960
Subtotal	\$ 492,360
Plan Check/Jurisdictional Reviews	\$ 40,000
Construction	
Prior Expenditures (Modular Relocation)	\$ 361,593
Site Preparation/Demolition	130,000
*New Construction	4,588,174
Change Order Allowance	465,440
Utilities Connection	35,000
Subtotal	\$ 5,580,207
Equipment	\$ 30,000
Other Consultant Services	\$ 100,000
Miscellaneous Expenditures	\$ 20,000
Allowance for NEVHC Start-Up Costs	100,000
Subtotal	\$ 120,000
County Services	\$ 627,905
Prior Expenditures (Modular Design)	415,528
Subtotal	\$ 1,043,433
TOTAL	\$ 7,406,000

* Includes the Northern Boundary Expansion

ENCLOSURE B

**SUN VALLEY HEALTH CENTER PROJECT
SPECS. 6678; C.P. 69214**

MITIGATED NEGATIVE DECLARATION

ENCLOSURE C

**SUN VALLEY HEALTH CENTER PROJECT
SPECS. 6678; C.P. 69214**

JOINT POWERS AGREEMENT

JOINT POWERS AGREEMENT FOR THE DEVELOPMENT, OPERATION AND USE OF
THE SUN VALLEY HEALTH CARE CENTER

between

LOS ANGELES UNIFIED SCHOOL DISTRICT,
a school district duly organized and existing
under the laws of the State of California

and

COUNTY OF LOS ANGELES,
a body politic and corporate duly existing
under the laws of State of California

JOINT POWERS AGREEMENT FOR THE DEVELOPMENT, OPERATION AND USE OF
THE SUN VALLEY HEALTH CARE CENTER

THIS JOINT POWERS AGREEMENT FOR THE DEVELOPMENT, OPERATION AND USE OF THE SUN VALLEY HEALTH CARE CENTER (the "Agreement") is made and entered into as of the ____ day of _____, 20____ (the "Execution Date") by and between LOS ANGELES UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California ("LAUSD"), and the COUNTY OF LOS ANGELES, a body corporate and politic, duly existing under the laws of the State of California ("County"), with reference to the following facts:

- A. LAUSD is the fee owner of that certain real property located at 7330 Bakman Avenue in the City of Los Angeles, County of Los Angeles, State of California ("LAUSD Property"), site of the existing Sun Valley School (the "School"). LAUSD shall grant a license to the County, for one dollar (\$1.00) per year, for use of a portion of the LAUSD Property (the "Premises") as legally described in Exhibit A, hereto as the site of a community health care center (as defined below).
- B. County has an interest in providing public health services to meet the social needs of the population of the County of Los Angeles, and is experienced in the development, construction, maintenance and operation of public health facilities.
- C. LAUSD and County desire to use the Premises for the purpose of constructing and operating thereupon an approximately 10,840 square feet community health care center and certain other improvements (the "Health Care Center"), as depicted in the "Site Plan" attached hereto as Exhibit B, for provision of health care services to the general public, including students complying with Education Code section _____, their families, and the community.
- E. County, at its sole cost and expense, shall construct and maintain the Health Care Center building structure on the Premises, in accordance with the Construction Plans (as hereinafter defined) prepared by County.
- F. LAUSD has conducted a competitive bid process to retain the initial, third-party health care provider (the "Initial Provider") to operate the Health Care Center, pursuant to a separate health care services agreement (the "Health Care Services Agreement") between the Provider and LAUSD. County shall provide LAUSD, the Initial Provider and any subsequent Provider with a license for the use of the Premises and Health Care Center during the term of the initial Health Care Services Agreement and any subsequent Health Care Services Agreement.
- G. LAUSD students, families, faculty and staff at the School may seek health services or treatment at the Health Care Center in their private, individual capacity and students, faculty and staff at the School shall not be required to go to or appear at the Health Care Center in connection with the educational programming or their employment.

H. LAUSD and County desire to enter into an agreement for the joint exercise of their governmental powers pursuant to Government Code section 6500, *et seq.*, for the use, development, maintenance and operation of the Premises and Health Care Center based on their determination that such use is necessary to meet the social needs of the population of the County of Los Angeles and beneficial to the general public.

NOW THEREFORE, in consideration of mutual covenants, benefits and agreements hereinafter contained, LAUSD and County hereby agree as follows:

ARTICLE I

CONDITIONS PRECEDENT TO EFFECTIVENESS

The effectiveness of this Agreement and County's right and ability to commence construction of any improvements of any kind or nature on the Premises, and all of County's rights hereunder shall be contingent upon the occurrence of all the following (collectively, the "Conditions Precedent"), and LAUSD and County hereby covenant and agree that in the event that such Conditions Precedent have not been satisfied or waived as of _____, 20__, as the sole and exclusive remedy of the parties hereto, this Agreement shall automatically terminate and neither LAUSD nor County shall have any further obligations under this Agreement.

1.1 County Board Approval. The Board of Supervisors of the County of Los Angeles (the "County Board") shall have, in its sole and absolute discretion, approved the project contemplated by this Agreement, including the approval of the Mitigated Negative Declaration prepared pursuant to the California Environmental Quality Act ("CEQA"), and the execution, delivery and consummation of this Agreement.

1.2 School Board Approval. The Board of Education of the Los Angeles Unified School District, in its sole and absolute discretion, shall have approved the project contemplated by this Agreement, including the approval of the Mitigated Negative Declaration prepared pursuant to CEQA, and delegated authority for the execution, delivery and consummation of this Agreement.

1.3 Other Approvals. At its sole cost and expense, County shall have obtained and provided evidence to LAUSD of all necessary consents, permits and approvals required by applicable law, rule or regulation in order to consummate the transactions contemplated by this Agreement.

1.4 Funding Arrangements. County shall have provided evidence satisfactory to LAUSD that all adequate and acceptable funding arrangements have been put in place to undertake and complete the transactions contemplated by this Agreement.

1.5 Health Care Services Agreement. LAUSD shall have entered into the Health Care Services Agreement with the Initial Provider (as hereinafter defined), on terms approved by LAUSD and County and subject to the terms and conditions of this Agreement.

ARTICLE II

THE PREMISES

During the Term and any Extension Term (each as hereinafter defined), the Premises shall at all times be physically separated from the remainder of the LAUSD Property by appropriate fencing. If, at any time, the City of Los Angeles, County or any other governmental entity or agency requires LAUSD to undertake a formal subdivision process in order to subdivide the Premises from the remaining portion of the LAUSD Property (a "Subdivision") LAUSD and County shall cooperate in all respects to facilitate such Subdivision and all costs and expenses incurred by LAUSD in connection with such Subdivision shall be equally paid by the parties. If LAUSD determines that it desires to subdivide the LAUSD Property, the County shall cooperate in all respects to facilitate such Subdivision; however, all costs and expenses incurred shall be paid solely by LAUSD.

ARTICLE III

USE; ACCESS AND ENTRY

3.1 Use of Premises. Subject to the Parties' satisfaction of all Conditions Precedent set forth in Article I above, and subject to all other terms and conditions of this Agreement, LAUSD hereby grants to County a license for use of the Premises ("County License") for the entire Term and any Extension Term (each as hereinafter defined), for one dollar (\$1.00) per year (which rent may be paid in advance), and County and its consultants, contractors, agents and employees (collectively and individually referred to herein as the "County Representatives") shall have full and exclusive use of and access to the Premises for purposes of Construction (as hereinafter defined), structural maintenance, repair and operation of the Premises, including the Health Care Center.

3.1.1 The School. County acknowledges that the LAUSD Property is an operating school and that the safety, welfare and education of the School students are the highest priorities. County and LAUSD agree and acknowledge that this Agreement for purposes of Construction (as hereinafter defined), maintenance, repair and operation of a Health Care Center on the Premises is consistent with the operation of the School and does not unreasonably interfere with the ongoing operation of the School, or its students, faculty or staff.

3.1.2 LAUSD Rights. LAUSD reserves the right, upon reasonable notice, to enter the Premises and the Health Care Center for the purpose of observing Construction (as hereinafter defined), maintenance, repair and operation of the Premises and/or the Health Care Center. LAUSD shall not unreasonably interfere with the Construction and/or ongoing operation of the Health Care Center.

3.1.3 Persons With Convictions. County shall not allow any person who has been convicted of any of the offenses set forth in California Education Code Section 44010, as may be amended, and is employed by or under the direct contractual control of County to enter

upon the Premises. A plea or verdict of guilty shall be deemed a conviction irrespective of a subsequent order under the provisions of Penal Code Section 1203.4, as may be amended. LAUSD expressly agrees and acknowledges that this provision does not apply to members of the public who may utilize the services of the Health Care Center.

ARTICLE IV

CONSTRUCTION

4.1 Definition of Construction. For purposes of this Agreement, "Construction" shall include, without limitation, (i) design of the Health Care Center and preparation of drawings, plans and specifications, (ii) demolition and/or renovation of any existing improvements on the Premises, (iii) any necessary preparation and grading of the Premises, (iv) bid procedures and retention of the Architect and Contractor (each as hereinafter defined), (v) retention of all subcontractors, consultants, engineers and other professionals comprising the Construction Team (as hereinafter defined), (vi) construction of the Health Care Center, and (vii) landscaping of the Premises, all in accordance with this Article IV.

4.2 Project Schedule. Subject to Parties' satisfaction of all Conditions Precedent, County shall make reasonable efforts to adhere to the project schedule set forth in Exhibit C hereto (the "Project Schedule"), subject to Force Majeure Delays (as hereinafter defined). This Project Schedule specifies target dates by which County will attempt to meet certain milestones, including, without limitation, the outside construction commencement date, and the outside Certificate of Occupancy issuance date for the Health Care Center.

4.3 Pre-Construction.

4.3.1 Personnel. County, at its sole cost and expense, has selected and retained an architect(s) (the "Architect") and engineer(s) (the "Engineer") to prepare those certain construction plans, drawings and specifications for the Health Care Center (the "Construction Plans"). A copy of the Schematic Drawings are attached hereto and incorporated herein as Exhibit D. County, at its sole cost and expense, shall select and hire a general contractor (the "Contractor") that is licensed to do business in the State of California and bonded for an amount no less than the total cost of Construction, which bond shall be in a form substantially similar to that Form of Payment or Performance Bond attached hereto and incorporated herein as Exhibit E. County agrees to comply with California Labor Code Section 1771 in its retention of all members of the Construction Team. County agrees that it shall select the general construction contract and any other contracts so required by applicable law, rule or regulation.

4.3.2 Permits. County shall be responsible, at its sole cost and expense, for obtaining all governmental permits, consents and approvals of all plans, specifications, and drawings related to Construction. County shall ensure that the Health Center is to be designed to meet the construction standards of a health clinic (OSHPD 3) according to Title 24 requirements of the California Standard Building Code, and that the Construction is accomplished in compliance with all applicable laws, rules and regulations.

4.3.3 Commencement of Site Preparation Construction. County shall provide LAUSD 10 days' written notice before commencing any Site Preparation work, including, but not limited to demolition of existing structures, grading, and fencing of the Premises so LAUSD may post notices of non-responsibility or any other notices which LAUSD deems necessary for its proper protection. County shall obtain all approvals and permits necessary for such work prior to commencement of such work.

4.3.4 Commencement of Health Care Center Construction. County acknowledges and agrees that construction of the Health Care Center shall not commence until LAUSD has received documentation required by section 4.3.2. County shall provide LAUSD 10 days' written notice after the delivery of documentation required by section 4.3.2 before commencing construction of the Health Care Center or delivering materials to the Premises so LAUSD may post notices of non-responsibility or any other notices which LAUSD deems necessary for its proper protection.

4.3.5 No LAUSD Liability. LAUSD shall not be the guarantor of, nor responsible for, the correctness or accuracy of the Construction Plans or the compliance thereof with applicable laws, rules or regulations. LAUSD shall incur no liability of any kind by reason of the County's Construction of the Health Care Center on the Premises.

4.4 Construction.

4.4.1 Construction by County. County, through its Construction Team, shall undertake Construction at its sole cost and expense. County shall conduct and shall cause the Construction Team to conduct all work with respect to Construction in a good and workmanlike manner by properly qualified personnel, and such work shall be diligently prosecuted to completion once commenced. County shall ensure that Construction shall at all times comply with all applicable laws, rules and regulations.

4.4.2 Changes During Construction. The parties acknowledge that the Construction Plans may require changes during Construction by law or due to unforeseen circumstances. In the event of a change to the Construction Plans, County shall deliver written notice to LAUSD related to the change in the Construction Plans.

4.4.3 Notification. LAUSD shall have the right, upon reasonable notice to County, to observe the Construction at any time during the progress thereof. If LAUSD shall give notice to County that any aspect of Construction is in material deviation from the Construction Plans or any applicable law, rule or regulation, and the County concurs, County shall cause the Contractor to promptly make corrections.

4.4.4 Insurance. At all times during Construction and until Completion of Construction (as hereinafter defined), County shall cause its contractor to, at its sole cost and expense, provide and keep in force (i) "all risks" builder's risk insurance, including vandalism and malicious mischief, covering improvements in place and all material and equipment at the job site, and (ii) evidence of workers' compensation insurance covering all persons employed in connection with the work in compliance with all applicable laws, rules and regulations, such

insurance to remain in full force and effect until such improvements have been completed and fully insured in accordance with Section 13.1 hereof. Prior to commencing any Site Preparation (as defined above) or construction of the Health Care Center or delivering any materials to the Premises, County shall provide LAUSD with copies of certificates of such insurance. All policies held by or on behalf of County shall name LAUSD as an additional insured, and shall provide that they may not be cancelled by the insurer or be terminated or lapse of their own accord or by their own terms until at least 30 days after service by registered or certified mail of notice of the proposed cancellation upon all parties named in such policies as insureds (except for nonpayment of premium cancellation which shall not take effect until at least 10 days after service by registered or certified mail of notice to all insureds). All insurance required to be carried pursuant to this section shall contain a provision that no act or omission of County or its contractor shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All such policies shall contain language to the effect that any loss shall be payable notwithstanding any act or negligence of LAUSD that otherwise might result in the forfeiture of the insurance.

4.4.5 Substantial Completion of Construction. Upon Substantial Completion of Construction, County shall notify LAUSD of the Substantial Completion. "Substantial Completion" shall mean that the Health Care Center is physically and functionally complete in all respects, in accordance with the Construction Plans and change notices and all applicable laws, rules and regulations, except for a punch list of items that are unfinished, deficient or require correction in order to fully conform to the Construction Plans (the "Punch List Items").

4.4.6 Completion of Construction. Upon completion of the Punch List Items and any other remaining Construction, County shall provide written notice to LAUSD and LAUSD may participate in a walk through of the Health Care Center upon its completion. Completion of the Health Care Center includes: (i) the Health Care Center is physically and functionally complete to be occupied and utilized in accordance with the terms of this Agreement; (ii) all Punch List Items have been successfully completed; (iii) all startup and testing of all mechanical, heating, ventilating, air conditioning, electrical, plumbing and fire protection systems have been successfully completed; (iv) the Health Care Center is safe for public use and free from hazardous conditions; and (v) all governmental agencies having appropriate jurisdiction have issued a certificate of occupancy or its equivalent which includes final approval of all aspects of the Health Care Center, including any and all fire, life and safety components (collectively, "Completion of Construction").

4.4.6.1 No LAUSD Liability. LAUSD shall not be the guarantor of, nor responsible for, Construction or the Health Care Center as completed, or the compliance thereof with any applicable laws, rules or regulations, and LAUSD shall incur no liability of any kind by reason of the construction of the Health Care Center.

4.4.6.2 Notice of Completion. Within 30 days after Completion of Construction, County shall cause a Notice of Completion to be recorded in the office of the Recorder of Los Angeles County in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish LAUSD a copy thereof upon recordation.

4.4.6.3 Copy of Record Set of Plans. Upon Completion of Construction, County shall cause the Contractor (i) to update all construction documents as necessary to reflect all changes made to the construction documents during the course of Construction, and (ii) to deliver to LAUSD two (2) sets of copies of such record-set of drawings within ninety (90) days following issuance of a certificate of occupancy or its equivalent. County shall also deliver to LAUSD a copy of all warranties, guaranties, operating manuals and information relating to the Health Care Center, and all improvements, equipment and systems therein, as well as a listing of all furniture, fixtures and equipment initially installed at the Health Care Center. LAUSD shall provide one set of documents to the Provider.

ARTICLE V

OWNERSHIP OF THE HEALTH CARE CENTER

During the Term and any Extension Term (each as hereinafter defined), the Health Care Center shall be owned by County, and shall in no way be owned by or deemed a school facility of LAUSD; provided, however, that fee title to the Premises shall at all times remain with LAUSD, with County as the licensee of the Premises during the Term and any Extension Term.

ARTICLE VI

MAINTENANCE AND REPAIR; ADDITIONS AND ALTERATIONS

6.1 Maintenance and Repair.

6.1.1 LAUSD's Maintenance and Repair Obligations. LAUSD shall not be required or obligated to do any maintenance or to make any repairs, changes, alterations, additions, improvements or replacements of any nature whatsoever in, on or about the Health Care Center or the Premises at any time during the Term and any Extension Term (each as hereinafter defined). Nothing contained herein shall be construed as requiring LAUSD to make any repairs or to do any maintenance necessitated by reason of the act or omission of County or anyone claiming under County, or by reason of the failure of County, to observe or perform any conditions, covenants or agreements contained in this Agreement, or by reason of any damage to or destruction of other property caused by any improvements, alterations or additions made by County or anyone claiming through County.

6.1.2 County's Structural Maintenance and Repair Obligations. At all times during the Term and any Extension Term (each as hereinafter defined), County shall, at its sole cost and expense, and without cost to LAUSD, keep and maintain the structure of the Health Care Center and the Premises. The parties agree and acknowledge that the County's structural maintenance obligations for the Health Care Center shall be limited to the roof, exterior walls, foundations, exterior fixtures, fences, driveways, parking areas, and sidewalks located in, on or adjacent to the Health Care Center and on the Premises. County agrees to maintain the structure of the Health Care Center and Premises in good condition and repair and in compliance with all applicable laws, rules and regulations. Subject to Section 6.2 below, County shall, at its sole cost and expense, make any and all structural additions, alterations, renewals, and repairs to the

Health Care Center which may be required by and shall otherwise observe and comply with, all applicable laws, rules and regulations. All such additions, alterations, renewals, and repairs made by County shall be at least equal in quality and class to the original work. County shall not be responsible for the costs of any repairs required to the Health Care Center or the Premises in the event said repairs are necessary, not as a result of normal wear and tear but due to the negligence of LAUSD or the Provider. In such instances, the negligent party shall be responsible for the costs of repair even if the repairs are structural in nature.

6.1.3 Non-Structural Maintenance and Repair Obligations. Notwithstanding the foregoing, the Provider shall be obligated by its Health Care Services Agreement to keep, or cause to be kept, in good repair, and maintain, or cause to be maintained, at its own expense, all aspects of the Health Care Center and Premises that are not the obligation of the County pursuant to section 6.1.2, above, including, without limitation, interior fixtures, lamps and tubes for fixtures, whether interior or exterior, exposed plumbing, exposed electrical systems, HVAC systems, interior walls, windows, window coverings, fire extinguishers, any equipment installed in the Premises for the Provider's exclusive use and floor components. County shall assign any and all warranties for all building systems, parts and components to LAUSD or the Provider during the term of this Agreement that are the responsibility of the Provider hereunder.

6.1.4 Janitorial and Landscaping. The Provider shall also be obligated by its Health Care Services Agreement to provide for all interior cleaning, janitorial and disposal of trash and hazardous materials in accordance with all applicable laws, rules and regulations and consistent with good business practices for the provision of health care services, all landscaping upkeep, maintenance and repair, and graffiti removal. Neither LAUSD or County shall be the guarantor of, nor responsible for, the safe and sanitary condition of the Health Care Center and good operating practice of the Provider.

6.2 Additions and Alterations. Following the Completion of Construction, County shall not make any alterations or additions to the Health Care Center without giving notice to LAUSD. Any substantial alterations and additions that involve the expenditure of more than \$50,000 in the aggregate in any calendar year shall be subject to the mutual consent of both parties. LAUSD shall not be the guarantor of, nor responsible for, any additions and/or alterations to the Health Care Center, or the compliance thereof with applicable laws, rules or regulations, and LAUSD shall incur no liability for such additions and/or alterations.

ARTICLE VII

TERM; CANCELLATION

7.1 Term. The term of this Agreement (the "Term") shall commence on the Execution Date, and all terms and conditions hereof shall become effective upon satisfaction of the Conditions Precedent. The Term shall expire on the day before the 40th anniversary of the date of Completion of Construction or the 42nd anniversary of the Execution Date, whichever is earlier (the "Expiration Date"), unless sooner terminated or further extended pursuant to the terms of this Agreement. On or prior to the date which is twelve (12) months before the Expiration Date, provided County shall not then be in Default (as defined herein) under the

provisions of this Agreement, LAUSD, in its sole and absolute discretion, may elect to offer to extend ("Offer to Extend") this Agreement to County for an additional term of five (5) years (an "Extension Term"). County shall, no later than the date which is sixty (60) days after its receipt of such Offer to Extend, notify LAUSD in writing that it shall accept such Extension Term upon the same terms and conditions as are set forth herein. If County fails to accept the Offer to Extend in writing within such sixty (60) day period, LAUSD's Offer to Extend shall terminate and this Agreement shall expire upon the original Expiration Date. Provided that LAUSD decides, in its sole and absolute discretion, to provide an Extension Term and County is not in Default under the provisions of this Agreement, LAUSD may make an unlimited number of Offers to Extend using the mechanism provided in this Section 7.1. Each such extension shall be exercisable by County, provided that as of the date of delivery of notice to LAUSD that County will accept such Extension Term, and at the time of the commencement of the Extension Term, County is not in Default under the Agreement.

7.2 Cancellation by LAUSD, the County or Both Parties. This Agreement shall not be cancelable by either party unilaterally for the first fifteen years of the Term. Either party may unilaterally request cancellation of the Agreement after the fifteenth year of the Term as provided for herein by providing prior written notice to the other party one hundred and eighty (180) days prior to cancellation. Upon cancellation, County shall convey the Health Care Center and all fixtures, alterations, additions and improvements thereto to LAUSD, including, without limitation, a quitclaim deed for the Health Care Center, assignment of all agreements, guaranties, warranties, and plans and specifications related to the Health Care Center subject to the following: (i) if the cancellation of the Agreement is due to the request of County, County shall bear all costs and expenses to convey the Health Care Center to LAUSD and LAUSD shall not be required to pay the Compensation Amount (as hereinafter defined) or (ii) if the cancellation of the Agreement is due to the request of LAUSD, LAUSD shall bear all costs and expenses to convey the Health Care Center to LAUSD and LAUSD shall pay the Compensation Amount (as hereinafter defined) as provided for in Section 7.2.1. The Agreement may be cancelable by the mutual agreement of the parties at any time during the Term. If the cancellation of this Agreement is due to the mutual consent of both parties or is required by operation of law and the parties do not enter into a new agreement pursuant to Section 21.1, below, the parties shall equally share the costs and expenses to convey the Health Care Center to LAUSD and LAUSD shall pay the Compensation Amount as provided for in Section 7.2.1.

7.2.1 Compensation. In the event of cancellation during the Term, by LAUSD or both parties, as provided for in Section 7.2, but not during any Extension Term, LAUSD agrees to pay County an amount (the "Compensation Amount") equal to the unamortized cost of the Health Care Center, calculated using the "actual amounts" expended by County on the Health Care Center constructed in accordance with and pursuant to Article IV of this Agreement and amortized over a 40-year useful life. The phrase "actual amounts" as used in this Section 7.2.1 shall mean those reasonable and actual third party out-of-pocket expenses actually incurred by County in connection with Construction made in accordance with and pursuant to Article IV of this Agreement as well as reasonable and actual expenses directly related to employees of County directly working on the design and Construction of the Health Care Center in accordance with and pursuant to Article IV of this Agreement, and excluding the following amounts: salaries of administrative employees, attorneys' fees, accountants' fees, transaction costs, financing

costs, and any other overhead costs. The parties agree to work together, diligently and in good faith, to determine the Compensation Amount to be paid by LAUSD to County. LAUSD shall make payment of the Compensation Amount to County within ninety (90) days following the date on which County and LAUSD agree upon the Compensation Amount.

7.2.2 No Compensation. If LAUSD elects to cancel this Agreement during any Extension Term, LAUSD may do so without any obligation to make any payment to County whatsoever and LAUSD will not be responsible for any costs or expenses related thereto and County shall not be entitled to any compensation whatsoever.

ARTICLE VIII

COVENANTS

From the Execution Date until the Expiration Date or the earlier cancellation of this Agreement, in addition to any covenants set forth elsewhere in this Agreement, County and LAUSD, respectively, agree to the following:

8.1 Litigation. County shall not commence any litigation affecting LAUSD's interest in the Premises, without first obtaining the prior written consent of LAUSD, which consent shall not be unreasonably withheld.

8.2 Liens and Encumbrances. County shall not permit or suffer to exist any encumbrance, charge or lien to be placed or claimed upon the Premises or the Health Care Center, in accordance with Article XI hereof.

8.3 Leases. County shall not enter into any leases, contracts of parties in possession, tenancies, rights of occupancy or any other agreements relating to the Premises or the Health Care Center without the prior written consent of LAUSD, in accordance with Article XIX hereof.

8.4 Conveyance. County shall not sell, convey, assign, transfer, encumber or otherwise dispose of the Health Care Center, or any part thereof or interest therein, without the prior written consent of LAUSD, in accordance with Article XIX hereof.

8.5 Hazardous Materials. County and LAUSD shall not use, produce, process, manufacture, generate, treat, handle, store or dispose of any Hazardous Materials (as hereinafter defined) in, on or under the LAUSD Property, the Premises or the Health Care Center, or use the LAUSD Property, the Premises or the Health Care Center for any such purposes, or release any Hazardous Materials into any air, soil, surface water or groundwater comprising the LAUSD Property or the Premises, and nor shall the party contracting with the Provider permit the Provider to do any of the foregoing, in accordance with Article XII hereof.

8.6 Environmental Laws. County and LAUSD shall comply, and shall cause the Provider to comply, with all Environmental Laws (as hereinafter defined) applicable to the Premises and/or the Health Care Center, or the use or occupancy thereof, or any operations or activities therein or thereon, in accordance with Article XII hereof.

8.7 Funding Arrangements. County shall maintain adequate and acceptable funding arrangements and shall fulfill its funding obligations under this Agreement in order for LAUSD and County to undertake the transactions contemplated by this Agreement and for County to complete Construction, structural maintenance and repair of the Health Care Center in accordance with the terms of this Agreement. Upon request by LAUSD, County shall provide to LAUSD evidence satisfactory to LAUSD that all such funding arrangements are in place and that all such funding obligations are being fulfilled.

ARTICLE IX

COSTS

9.1 LAUSD Costs. LAUSD shall pay, or cause to be paid, all charges for water used or supplied to the Health Care Center throughout the Term and any Extension Term. Except for LAUSD's sole obligation expressly set forth in the preceding sentence, under no circumstances shall LAUSD be obligated to pay or otherwise be liable for any costs, expense, fees or charges related in any way whatsoever to the Premises, the Health Care Center or the transactions contemplated by this Agreement.

9.2 County Costs. Except for LAUSD's sole obligation to pay charges for water expressly set forth in Section 9.1 above, County shall pay, or cause to be paid, all costs of Construction, structural maintenance and repair of the Health Care Center as provided for in Section 6.1.2, and all charges which are incurred by County or which may be a charge or lien against the Premises or the Health Care Center arising therefrom.

9.3 Provider Costs. LAUSD and County agree that the Provider, at its sole cost and expense, shall be responsible to pay or cause to be paid, all costs for: (i) the provision of health care services; (ii) the utilities such as, but not limited to, electricity, gas, telephone, cable television and internet service incurred in connection with the operation of the Health Care Center; (iii) security during hours of operation; (iv) installation and maintenance of a security system, if any; (v) non-structural maintenance and repair as provided for in Section 6.1.3; (vi) pick-up and disposal of trash; (vii) disposal and management of Hazardous Materials (as hereinafter defined) arising from the health care services; (viii) janitorial and landscaping as provided for in Section 6.1.4; (ix) any and all taxes related to the use and operation of the Health Care Center as provided for in Section 10.4, below. In the event the Initial Provider no longer operates the Health Care Center for any reason, LAUSD and County agree that the party contracting with the next health care provider shall require said provider to be responsible for the costs identified in this Section 9.3.

ARTICLE X

TAXES

10.1 LAUSD's Obligations. Except as expressly set forth in Section 10.3 below LAUSD shall not be obligated to pay or otherwise be liable for any Taxes (as hereinafter defined) related in any way whatsoever to the Premises or the Health Care Center.

10.2 County's Obligations. Both County and LAUSD have informed each other that they believe each is exempt from the payment of real property and similar taxes, and, as necessary, LAUSD shall cooperate with and assist County in applying for any appropriate waivers or exemptions from taxation that may be applicable to the Premises and/or the Health Care Center. Notwithstanding the foregoing, and to the extent that the Health Care Center and/or the Premises are subject to either real property or similar taxes, County covenants and agrees to pay or cause to be paid before delinquency all of the following taxes, to the extent such taxes are levied against the Health Care Center and/or the Premises (collectively, "Taxes"):

10.2.1 Real Estate Taxes. All real estate taxes, assessments for improvements to the Premises, or any other assessments or taxes, which shall be levied against the Health Care Center and/or the Premises, or any interest therein, and which become a lien thereon and accrue during the Term or any Extension Term.

10.2.2 Personal Property Taxes. All personal property taxes, assessments, charges, rates, duties, license fees and liens of every kind and nature which shall be levied against County's materials, furniture, fixtures, equipment or other personal property as may be from time to time situated within the Health Care Center or on the Premises, and which become a lien thereon and accrue during the Term or any Extension Term.

10.2.3 Possessory Interest Taxes. If, pursuant to the provisions of the California Revenue and Taxation Code, County's ownership of the Health Care Center results in a possessory interest tax being levied against County, any such possessory interest tax and any fine, penalty, interest or cost that may be added thereto for the nonpayment thereof.

10.2.4 Miscellaneous Taxes. All excise and sales, consumer, use and/or similar taxes related to the Health Care Center or its Construction, maintenance, repair and improvement, if applicable (collectively, "Miscellaneous Taxes").

Notwithstanding the foregoing, prior to payment of any Taxes (other than Miscellaneous Taxes), County shall provide written notice to LAUSD of the nature and amount of such Taxes (other than Miscellaneous Taxes) sufficiently in advance of the date on which such Taxes are due to allow LAUSD to contest such Taxes. LAUSD shall have the right to contest the amount or validity of any Taxes, in whole or in part, by appropriate administrative and legal proceedings, and LAUSD may instruct County to postpone payment of any such contested Taxes pending the prosecution of such proceedings and any appeals so long as such proceedings or appeals shall operate to prevent the collection of such Taxes and the sale of the Premises and any improvements thereon to satisfy any lien arising out of the nonpayment of the same.

10.3 Separate Tax Bill. LAUSD and County agree to mutually cooperate to arrange with the taxing authorities to have the Premises and/or any improvements thereon treated as a separately taxed parcel or interest from remainder of the LAUSD Property and any

improvements thereon, and for any Tax related thereto to be directed to County. If any Tax is not separately assessed to the Premises and/or any improvements thereon, or directed to the County, but is included in an assessment covering the remainder of the LAUSD Property or improvements thereon, or in an assessment directed to LAUSD, then County's share of such assessment shall be an equitable proportion of the total amount of such assessment as shall be determined by LAUSD in good faith from the respective valuations or allocations assigned in the assessor's work sheets or from such other information as may be reasonably available. LAUSD shall deliver to County a statement setting forth County's share of any such assessment not separately assessed to the Premises and/or any improvements thereon, or directed to County, and the manner in which County's share was determined. If LAUSD receives such an assessment, LAUSD shall deliver to County a copy of such assessment at least 20 days prior to the due date of such assessment, or, if such assessment may be paid in installments, at least 20 days prior to the due date of such installment. Within 10 days of such due date, County shall furnish LAUSD with a valid check or draft, payable to the order of the taxing authority listed in such assessment, in the amount of the assessment or installment thereof. Prior to delinquency, LAUSD shall deliver such check or draft, together with the appropriate assessment bill, to the listed taxing authority. If LAUSD fails to make such payments, County shall, after written demand on LAUSD to make such payment, and the expiration of 10 days, be entitled to make such payment. LAUSD shall reimburse County for any cost or expense incurred by County due to Tax payments provided by County to LAUSD and not timely made by LAUSD, which reimbursement shall be made within 10 days following written request therefor.

10.4 Provider Taxes. Notwithstanding the foregoing, the Provider shall be required by its Health Care Services Agreement to pay any and all taxes related to its use and operation of the Health Care Center. Neither LAUSD nor County shall be responsible for the payment of any such taxes.

ARTICLE XI

LIENS

County shall not suffer or permit any liens to stand against the fee title to the Premises or against the Health Care Center, or any part thereof, by reason of any work, labor, services or materials done, or supplied, or claimed to have been done or supplied to County or anyone holding the Premises or the Health Care Center, or any part thereof, through or under County. If any such lien shall at any time be filed against the Premises or the Health Care Center, County shall provide LAUSD written notice thereof as soon as notice of such lien or action comes to the knowledge of County and shall cause the same to be discharged of record within 30 days after the date of the filing of same, by either payment, deposit or bond, unless a bond therefor is already in effect. The failure of County to discharge a lien recorded on the fee title to the Premises or on the Health Care Center, or any part thereof, within 45 days after the date of the filing of the lien shall constitute a Default (as hereinafter defined) under this Agreement. Nothing in this Agreement shall imply any consent or agreement on the part of LAUSD to subject its estate in the Premises to liability under any mechanics' lien law or to any contractor or laborer for work performed.

If any such liens are not so discharged within 30 days after the date of the filing of the same, LAUSD may, without waiving its rights and remedies based on such breach of County and without releasing County from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. Upon notice by LAUSD, County shall immediately pay to LAUSD any sum paid by LAUSD to remove such liens. County shall indemnify, defend against and keep LAUSD free and harmless from all liability, loss, damage, costs, attorneys' fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for County or any person claiming under County.

ARTICLE XII

ENVIRONMENTAL ISSUES

12.1 Hazardous Materials.

12.1.1 Definitions. As used in this Agreement, the following definitions shall apply: "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, or health care facilities, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., the Clean Water Act, 33 U.S.C. § 1251, et seq., the Hazardous Substance Account Act, California Health and Safety Code § 25300, et seq., the Hazardous Waste Control Law, California Health and Safety Code § 25100, et seq., the Medical Waste Management Act, California Health and Safety Code § 117600, et seq., and the Porter-Cologne Water Quality Control Act, California Water Code § 13000, et seq. "Hazardous Materials" shall mean any substance or material that is described as a toxic or hazardous substance, explosive material, radioactive substance, waste or material or a pollutant or contaminant or infectious waste, or words of similar import, in any of the Environmental Laws, and includes, but is not limited to, asbestos, petroleum or petroleum products (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, medical waste, and chemicals which may cause cancer or reproductive toxicity. "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, including continuing migration, of Hazardous Materials into or through soil, air, surface water or groundwater.

12.1.2 Health Care Center Operations. LAUSD and County hereby acknowledge that the operation of the Health Care Center may require the use of certain Hazardous Materials that are incidental to and customary in the operation of a health center and the provision of health care services, in amounts and in a manner in strict compliance with all applicable Environmental Laws. The party contracting with the Provider shall ensure the cooperation of the Provider to

prevent any exposure to Hazardous Materials by the students of the adjoining School and the general public.

12.1.3 Covenants. LAUSD and County covenant that each shall not knowingly cause, nor permit to be caused, the Release of any Hazardous Materials over, beneath, in or upon the LAUSD Property, the Premises or the Health Care Center. LAUSD and County agree to cooperate with one another to cause Provider and Provider's employees, agents, tenants, contractors and subcontractors and any other persons from time to time present on or occupying the Premises or the Health Care Center to keep and maintain the Premises and the Health Care Center in compliance with, and not cause or knowingly permit the Premises or the Health Care Center to be in violation of, any applicable Environmental Laws. In the event a Release of Hazardous Materials over, beneath, in or upon the LAUSD Property, the Premises or the Health Care Center occurs that is unintended or inconsistent with the operation of a health care center or with any Environmental Law, the party receiving notice shall immediately give written notice of such Release to the other party.

12.2 Hazardous Materials Claims. Each party shall immediately advise the other party in writing of: (i) any notices received by such party (whether such notices are from the Environmental Protection Agency, or any other federal, state or local governmental agency or regional office thereof) of the violation or potential violation of any applicable Environmental Laws occurring on or about the LAUSD Property, the Premises or the Health Care Center, (ii) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any Environmental Laws, (iii) all claims made or threatened by any third party against any party, the LAUSD Property, the Premises or the Health Care Center relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "Hazardous Materials Claims") and (iv) any party's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could have a reasonable likelihood to cause the LAUSD Property, the Premises or the Health Care Center or any part thereof to be subject to any Hazardous Materials Claims. Each party shall have the right but not the obligation to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims.

12.3 Indemnity by County. County shall be solely responsible for, and shall indemnify, defend and hold harmless LAUSD and its affiliates, successors and assigns, officers, directors, board members, other members, partners, agents, consultants, contractors, employees, administrators, faculty, staff and students (collectively, the "LAUSD Parties"), from and against, any claim, demand, lawsuit, loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence of Hazardous Materials on, under or derived from the Premises or the Health Care Center in violation of applicable law caused by County or any County Representative including, without limitation: (i) claims of third parties (including governmental agencies) for injury or death to any person or for damage or destruction of any property, (ii) claims for response costs, clean-up costs, costs and expenses of removal and restoration, including fees of attorneys and experts, and costs of determining the existence of Hazardous Materials and reporting same to any governmental agency, (iii) any and all other claims for

expenses or obligations, including attorneys' fees, costs, and other expenses, (iv) any and all penalties threatened, sought or imposed on account of a violation of any Environmental Law, and (v) all fees of any consultants, attorneys and engineering firms retained in connection with monitoring the Hazardous Materials; provided, however, that the foregoing indemnity shall not cover any claim, demand, lawsuit, loss, damage, cost, expense or liability to the extent arising from the negligence or willful misconduct of LAUSD or the LAUSD Parties.

12.4 Indemnity by LAUSD. LAUSD shall be solely responsible for, and shall indemnify, defend and hold harmless County and its Special Districts, successors and assigns, elected officials, officers, employees, partners, agents, consultants, and contractors (collectively the "County Parties") from and against, any claim, demand, lawsuit, loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence of Hazardous Materials on, under or derived from the Premises or the Health Care Center in violation of applicable law caused by LAUSD or any LAUSD Parties including, without limitation: (i) claims of third parties (including governmental agencies) for injury or death to any person or for damage or destruction of any property, (ii) claims for response costs, clean-up costs, costs and expenses of removal and restoration, including fees of attorneys and experts, and costs of determining the existence of Hazardous Materials and reporting same to any governmental agency, (iii) any and all other claims for expenses or obligations, including attorneys' fees, costs, and other expenses, (iv) any and all penalties threatened, sought or imposed on account of a violation of any Environmental Law, and (v) all fees of any consultants, attorneys and engineering firms retained in connection with monitoring the Hazardous Materials; provided, however, that the foregoing indemnity shall not cover any claim, demand, lawsuit, loss, damage, cost, expense or liability to the extent arising from the negligence or willful misconduct of the County or the County Representatives.

12.5 Indemnity by Provider. The party contracting with the Provider shall cause the Provider to be solely responsible for, and indemnify, defend and hold harmless County and the County Parties and LAUSD and LAUSD Parties from and against, any claim, demand, lawsuit, loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence of Hazardous Materials on, under or derived from the Premises or the Health Care Center in violation of applicable law caused by the Provider or any Provider officer, employee, agent, affiliate, partner, contractor or consultant including, without limitation: (i) claims of third parties (including governmental agencies) for injury or death to any person or for damage or destruction of any property, (ii) claims for response costs, clean-up costs, costs and expenses of removal and restoration, including fees of attorneys and experts, and costs of determining the existence of Hazardous Materials and reporting same to any governmental agency, (iii) any and all other claims for expenses or obligations, including attorneys' fees, costs, and other expenses, (iv) any and all penalties threatened, sought or imposed on account of a violation of any Environmental Law, and (v) all fees of any consultants, attorneys and engineering firms retained in connection with monitoring the Hazardous Materials; provided, however, that the foregoing indemnity of the County and the County Parties shall not cover any claim, demand, lawsuit, loss, damage, cost, expense or liability to the extent arising from the negligence or willful misconduct of the County or the County Representatives; and provided, that the foregoing indemnity of LAUSD and the LAUSD Parties shall not cover any claim, demand, lawsuit, loss, damage, cost, expense or

liability to the extent arising from the negligence or willful misconduct of LAUSD or the LAUSD Parties.

12.6 Removal of Hazardous Materials. Each party, at its sole cost and expense, shall, with due care, in a safe manner and in accordance with all applicable laws, detain the spread of, ameliorate and remove from the Premises or the Health Care Center any Hazardous Materials contamination caused by that respective party or any of its representatives, and located on or beneath the Premises or the Health Care Center in violation of applicable law and shall monitor or cause to be monitored the levels of Hazardous Materials on, under or derived from the Premises and the Health Care Center or in the ground water in accordance with the terms and procedures required by any federal, state or local governmental agency having jurisdiction including, without limitation, any Regional Water Quality Control Board and the Environmental Protection Agency. The Party contracting with the Provider shall require that the Provider remove in the same manner any Hazardous Materials caused by it or its representatives.

12.5 Survival. The provisions of this Article XII shall survive the expiration or earlier cancellation of this Agreement.

ARTICLE XIII

INSURANCE; INDEMNITY

13.1 Provider Insurance.

13.1.1 Insurance. At all times during the Term and any Extension Term, the party contracting with the Provider shall require that the Provider, at Provider's sole cost and expense, provide and keep in force and effect the insurance indicated below. Such insurance shall be primary to and not contributing with any insurance or self-insurance program maintained by LAUSD or the County. Nothing in the foregoing is intended to require that this insurance cover LAUSD's use and operation of the School.

13.1.1.1 Commercial General Liability Insurance. Commercial General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) on an occurrence basis against claims for personal injury, death and/or property damage occurring in or about the Premises and the Health Care Center with limits of not less than the following:

General Aggregate:	\$10,000,000
Products/Completed Operations Aggregate:	\$5,000,000
Personal and Advertising Injury:	\$5,000,000
Each Occurrence:	\$5,000,000

Provider shall obtain blanket broad-form contractual liability coverage to insure its indemnity obligations herein.

13.1.1.2 All Risk Property Insurance. Insurance covering 100% of the full replacement cost valuation of the Health Care Center, all alterations, additions or

improvements made to the Premises, furniture, fixtures and equipment and other personal property from time to time in, on or about the Health Care Center or the Premises. Such insurance shall be endorsed naming the County as loss payee as its interest appears, provide deductibles of no greater than \$25,000 and provide protection against any peril included within the classification of "all risk", together with insurance against fire sprinkler damage, vandalism and malicious mischief. Such insurance shall contain (i) no coinsurance or contribution clauses and (ii) a Replacement Cost Endorsement.

13.1.1.3 Automobile Insurance. Primary automobile liability insurance in an amount not less than \$2,000,000.00 per occurrence covering owned, hired and non-owned vehicles used by Provider.

13.1.1.4 Workers' Compensation Insurance. Workers' compensation insurance policies as required by law and Employer's Liability insurance in an amount not less than \$1,000,000.00.

13.1.1.5 Medical Malpractice Insurance. Medical malpractice insurance in an amount not less than \$1,000,000.00 per claim and \$3,000,000.00 per occurrence.

13.1.1.6 Other Insurance. Other insurance, in amounts from time to time reasonably required by the mutual agreement of LAUSD and County against other insurance risks, if at the time they are commonly insured by operators of similar facilities.

13.1.2 Provider Insurance Policies. All policies of insurance provided for herein shall be issued by insurance companies authorized to do business in California and reasonably acceptable to LAUSD and County and rated in Best's Insurance Guide, or any successor thereto as having a "Best's Rating" of "A-" or better and a "Financial Size Category" of at least "VII" or better or, if such ratings are not then in effect, the equivalent thereof or such other financial rating as LAUSD and County may at any time consider appropriate. All policies held by Provider in connection with this Agreement shall name Provider as the insured and LAUSD and County as additional insureds, and shall provide that they may not be cancelled by the insurer or be terminated or lapse of their own accord or by their own terms until at least 30 days after service by registered or certified mail of notice of the proposed cancellation upon all parties named in such policies as insureds (except for nonpayment of premium cancellation which shall not take effect until at least 10 days after service by registered or certified mail of notice to all insureds). All insurance required to be carried by Provider shall contain a provision that no act or omission of Provider shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All such policies shall contain language to the effect that any loss shall be payable notwithstanding any act or negligence of LAUSD or County that otherwise might result in the forfeiture of the insurance. LAUSD agrees that with respect to all such policies carried by or to be carried by Provider, that Provider shall require its insurance broker to provide LAUSD and County with written notice whenever there are paid losses on Provider's insurance policies which result in a 20% percent or greater erosion of limits. Upon the Execution Date, and thereafter at least 10 days prior to the expiration date of such policy, Provider shall deliver to LAUSD and County copies of the policies for all the insurance required to be carried by Provider hereunder. Provider shall cause each property insurance policy

obtained by Provider to provide that the insurance company waives all right of recovery by way of subrogation against LAUSD or County in connection with any damage covered by any such policy or policies.

13.1.3 Blanket Insurance. Notwithstanding the foregoing, all of the insurance requirements set forth herein on the part of Provider shall be deemed satisfied if covered by a blanket insurance policy providing the coverage required by this Agreement.

13.3 County Indemnity. In addition to the County's other indemnity obligations set forth in Section 12.3 and elsewhere in this Agreement, to the fullest extent permitted by law, County shall indemnify, protect, defend and hold LAUSD and the LAUSD Parties harmless from and against any and all claims, losses, costs, loss, attorneys' fees, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) incurred or arising from any cause in connection with County's acts, errors and omission for (i) use, occupancy and activities conducted in, on or about the Premises, including Construction, maintenance, repair and improvement of the Health Care Center (ii) failure to pay or cause to be paid any County Costs or Taxes before delinquency, and (iii) failure to observe or perform any of the terms, covenants or conditions of this Agreement on County's part to be observed or performed. The provisions of this Section 13.3 shall survive the expiration or sooner cancellation of this Agreement.

13.4 LAUSD Indemnity. In addition to LAUSD's other indemnity obligations set forth Section 12.4 and elsewhere in this Agreement, to the fullest extent permitted by law, LAUSD shall indemnify, protect, defend and hold County and the County Parties harmless from and against any and all claims, losses, costs, loss, attorneys' fees, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) incurred or arising from any cause in connection with LAUSD's acts, errors and omission for (i) the access, entry, use or occupancy of, or activities conducted in, on or about the Premises by LAUSD, the LAUSD Representatives or any person or entity claiming by, through or under LAUSD, during or after the expiration of the Term or any Extension Term, (ii) failure to pay or cause to be paid any LAUSD Costs or any taxes before delinquency that LAUSD is responsible for, and (iii) failure to observe or perform any of the terms, covenants or conditions of this Agreement on LAUSD's part to be observed or performed. The provisions of this Section 13.4 shall survive the expiration or sooner cancellation of this Agreement.

13.5 Provider Indemnity. In addition to the other indemnity obligations set forth in Section 12.5 and elsewhere in this Agreement, the party contracting with the Provider shall cause the Provider to the fullest extent permitted by law, to indemnify, protect, defend and hold County and the County Parties and LAUSD and the LAUSD Parties harmless from and against any and all claims, losses, costs, loss, attorneys' fees, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) incurred or arising from any cause in connection with the Provider's acts, errors and omission for (i) use or occupancy of, or activities conducted in, on or about the Premises or the Health Care Center, including, maintenance, repair and improvement, if applicable, of the Health Care Center and/or the Premises, by Provider or any person or entity claiming by, through or under Provider, during or after the expiration of the Term or any Extension Term, (ii) failure to pay or cause to be paid any

County Costs or Taxes before delinquency, and (iii) failure to observe or perform any of the terms, covenants or conditions of this Agreement or any Health Care Services Agreement, on Provider's part to be observed or performed. Provider agrees to promptly notify County and LAUSD of the commencement of any litigation or proceedings pending, threatened or commenced (whether or not served) against Provider in connection with the matters covered hereby. The provisions of this Section 13.5 shall survive the expiration or sooner cancellation of this Agreement.

ARTICLE XIV

DAMAGE AND DESTRUCTION

14.1 If, at any time prior to the expiration or cancellation of this Agreement, the Health Care Center and/or the Premises are wholly or partially damaged or destroyed by an identifiable event of a sudden, unexpected or unusual nature (hereinafter referred to as a "Casualty"), which Casualty renders the Health Care Center or the Premises totally or partially inaccessible or unusable as contemplated under this Agreement, then the decision as to whether or not to repair the Health Care Center shall be made in the sole and absolute discretion of the County. Should the County decide to not repair the Health Care Center, the County shall be solely responsible for the cost of demolition of the Health Care Center and this Agreement shall terminate after completion of the demolition.

14.2 Final Year. Notwithstanding anything to the contrary contained in Section 14.1 hereof, if the Premises and/or the Health Care Center are wholly or partially damaged or destroyed by a Casualty within the final 12 months of the Term or any Extension Term, this Agreement shall immediately terminate in accordance with Article XVI hereof, and insurance proceeds, if any, related to such damage or destruction shall be the property of LAUSD, and LAUSD shall be solely responsible for the demolition or other disposition of the Health Care Center.

ARTICLE XV

EMINENT DOMAIN

15.1 Agreement Governs. In the event of any acquisition of all or any part of the Premises, or any interest therein by eminent domain, whether by condemnation proceeding or transfer in avoidance of an exercise of the power of eminent domain or otherwise during the Term or any Extension Term, the rights and obligations of the parties with respect to such appropriation shall be as provided in this Article XV.

15.2 Termination of Agreement. This Agreement shall terminate if the entire Premises is permanently taken under the power of eminent domain or if a material part of the Premises is taken such that the operation of the Health Care Center as contemplated by this Agreement cannot feasibly continue on the remaining portion of the Premises. If only a part of the Premises is permanently taken under the power of eminent domain and the Provider can reasonably continue to operate the Health Care Center as contemplated by this Agreement, this Agreement

shall not terminate and shall remain in full force in effect with respect to the remaining portion of the Premises.

15.3 Allocation of Condemnation Award. In the event of a permanent condemnation or taking of all or part of the Premises at any point during the Term (but not any Extension Term), LAUSD shall be entitled to any award which may be made in such taking or condemnation to the extent such award relates to the fee title to the Premises, and County shall be entitled to any award which may be made in such taking or condemnation to the extent it relates to the Compensation Amount, but in no event shall any award to County reduce or serve to reduce the award granted to LAUSD. In the event of a permanent condemnation or taking of all or part of the Premises after the expiration of the Term or during any Extension Term, LAUSD shall be entitled to any and all award which may be made in such taking or condemnation and County shall not be entitled to any award whatsoever. Nothing contained in this Article XV shall be deemed to give LAUSD any interest in or to require County to assign to LAUSD any separate award, as designated by the condemning authority, and County shall be able to retain any separate award as, designated by the condemning authority, made to County for the taking of County's personal property, or the interruption of or damage to County's operation of the Health Care Center.

15.4 Temporary Taking. In the event of a temporary taking at any point during the Term (but not any Extension Term), this Agreement shall remain in full force and effect, and County shall be entitled to any award which may be made in such temporary taking to the extent it relates to the Compensation Amount, but in no event shall any award to County reduce or serve to reduce the award granted to LAUSD. In the event of a temporary taking of all or part of the Premises after the expiration of the Term or during any Extension Term, LAUSD shall be entitled to any and all award which may be made in such temporary taking and County shall not be entitled to any award whatsoever.

ARTICLE XVI

EXPIRATION; SURRENDER OF HEALTH CARE CENTER

16.1 Expiration of Agreement. At the expiration of the Term or final Extension Term, the County License shall terminate and LAUSD shall have the right to: (i) request conveyance of the Health Care Center and upon conveyance the Health Care Center shall become LAUSD's property free and clear of all claims to or against the Health Care Center by County or any third party, and County shall comply with Section 16.2, below, and LAUSD shall have no obligation to pay for the Health Care Center or provide any compensation to County, other than in connection with Cancellation (as hereinafter defined) pursuant to Article VII hereof; or (ii) request County to demolish the Health Care Center. All costs to either convey title to the Health Care Center to LAUSD or demolish the Health Care Center shall be equally prorated among LAUSD and County.

16.2 Surrender of the Health Care Center. On the last day of the Term or final Extension Term, as it may be extended County shall, except where the Health Care Center is being demolished at the request of LAUSD pursuant to Section 16.1, above, surrender to

LAUSD the Health Care Center and all furniture, fixtures and equipment to be transferred, appurtenances, alterations, additions, and improvements thereto, vacant and in good condition, ordinary wear and tear excepted, free and clear of any liens or encumbrances, and if requested to do so, County shall execute, acknowledge and deliver to LAUSD, within 10 days after a request by LAUSD, such instruments deemed necessary and appropriate by LAUSD to convey the Health Care Center and all fixtures, alterations, additions, and improvements thereto to LAUSD, including, without limitation, a quitclaim deed for the Health Care Center, a bill of sale for personal property to be transferred, and a general assignment of all agreements, guaranties, warranties, intangibles, then in effect, if any, and plans and specifications related to the Health Care Center.

16.3 Removal of Property. Notwithstanding the foregoing Section 16.2, any personal property, furniture, fixture or equipment owned by County ("County's Personal Property"), which may be removed without irreparable or material damage to the Health Care Center or the Premises, shall remain the property of County and shall be removed by County upon the last day of the Term, as it may be extended or sooner terminated pursuant to the terms herein. County shall repair any damage to the Health Care Center and/or the Premises occasioned by the removal of County's Personal Property. Any of County's Personal Property not removed by County from the Health Care Center or the Premises within 30 days of the end of the Term, as it may be extended or sooner terminated pursuant to the terms herein, shall be conclusively presumed to have been abandoned by County.

16.3 Failure to Surrender. County's failure to surrender the Health Care Center in accordance with this Article XVI shall constitute a Default (as hereinafter defined) of this Agreement by County entitling LAUSD to pursue any and all remedies available at law and in equity including, without limitation, consequential damages resulting therefrom.

The provisions of this Article XVI shall survive the expiration or cancellation of this Agreement.

ARTICLE XVII

HEALTH CARE CENTER OPERATION

17.1 Services. During the Term and any Extension Term, the Premises shall be used to operate the Health Care Center for the provision of health care services (the "Services") to the students attending the School, the "feeder" schools in the area, their families, and the community. The Services shall include, without limitation, (i) medical, diagnostic, treatment and ancillary services, (ii) health-related preventive, educational and support services and (iii) health-related administrative and support services.

17.1.1 Hours of Operation. The Health Care Center shall be open weekdays between ____ a.m. and ____ p.m., with consideration for evening and weekend hours.

17.1.2 Non-Discrimination. In operation of the Health Care Center and in provision of the Services, there shall be no discrimination against or preference, gratuity, bonus

or benefit given to residents of incorporated areas not equally accorded to residents of unincorporated territory of the County of Los Angeles.

17.1.3 Compliance. The Provider shall be responsible for obtaining all licenses, permits, certificates and approvals required by applicable laws, regulations or rules for the operation of the Health Care Center and provision of the Services. The party contracting with the Provider shall ensure the Provider and any other persons operating the Health Care Center and/or providing the Services ("Health Care Center Personnel") obtain and maintain in effect all licenses, permits, certificates and approvals required of such persons or entities by all applicable laws, regulations or rules.

17.3 Provider. During the Term and any Extension Term, the Health Care Center shall be operated and the Services provided by a Provider.

17.3.1 Initial Provider. LAUSD has selected, and County hereby approves, Northeast Valley Health Corporation as the initial Provider (the "Initial Provider"), and as a Condition Precedent, LAUSD shall enter into a Health Care Services Agreement with the Initial Provider in the form of agreement attached hereto and incorporated herein as Exhibit F. County agrees that although LAUSD located and selected the Initial Provider through a competitive bid process and will enter or has entered into a Health Care Services Agreement, LAUSD shall not be deemed the operator of the Health Care Center. County and LAUSD agree that neither party to this Agreement shall be deemed the operator of the Health Care Center.

17.3.2 Subsequent Providers. Upon the expiration or earlier termination of the Health Care Services Agreement with the Initial Provider, or any subsequent Health Care Services Agreement with any subsequent Provider, LAUSD and County shall consult as to which party shall be responsible for locating and selecting the next Provider. Should LAUSD agree to locate and select the next Provider, County must approve the chosen Provider prior to LAUSD entering into a Health Care Services Agreement with such Provider. If LAUSD declines to locate and select the next Provider, County may, in its sole and absolute discretion, either: (i) locate and select the next Provider; (ii) become the Provider for the Health Care Center and assume all of the obligations of the Provider contained in this Agreement; (iii) partner with another Federally Qualified Health Center or other community provider partner to operate the Health Care Center and assume all of the obligations of the Provider contained in this Agreement; or (iv) terminate this Agreement upon written notice to LAUSD.

17.3.3 Health Care Services Agreement. Within 30 days after LAUSD arrives at a definitive draft Health Care Services Agreement with the Initial Provider, LAUSD shall provide such draft Health Care Services Agreement to County, along with all necessary and appropriate details for County to provide an informed approval, and County shall either approve or disapprove, in its sole and absolute discretion, the Health Care Services Agreement, which agreement shall have substantially similar terms as those contained in Exhibit F. Any Health Care Services Agreement must be subject to the terms and conditions of this Agreement and approved in writing by all parties. Further, any Health Care Services Agreement must provide that upon the expiration or earlier cancellation of this Agreement, the Health Care Services Agreement shall immediately terminate. If County shall be the lead administrative body to

locate and select any subsequent Provider, County shall comply with the foregoing process, however, LAUSD's failure or refusal to approve a Provider selected by County or to approve a subsequent Health Care Service Agreement shall not be grounds for LAUSD's termination of this Agreement.

17.3.4 License. County shall provide the Initial Provider and any subsequent Provider a license, on a gratis basis, for use of the Premises and Health Care Center to carry out the purposes of this Agreement as set forth herein and in the Health Care Services Agreement ("Provider License"). The Provider License shall be personal to Provider and shall not be assignable. Said license shall terminate automatically as of the date of termination or earlier cancellation of the Health Care Services Agreement or this Agreement, whichever is earlier.

ARTICLE XVIII

DEFAULT; REMEDIES

18.1 LAUSD's Default. LAUSD shall not be in default of any of its obligations under this Agreement unless LAUSD fails to perform such obligations within a reasonable time, but in no event less than 30 days, after written notice by County to LAUSD specifying wherein LAUSD has failed to perform such obligations; provided however, that if the nature of LAUSD's default is such that more than 30 days are required for its cure, LAUSD shall not be in default if LAUSD commences such cure within such 30 day period and thereafter diligently prosecutes the same to completion.

18.2 County's Remedies. In the event of any default by LAUSD as described in Section 18.1 above, subject to all applicable laws that may restrict remedies against a school district, including, but not limited to, restrictions within the California Education Code, County's remedies under this Agreement are to pursue LAUSD for specific performance and/or actual damages including reasonable attorneys' fees and costs, resulting from LAUSD's default. County shall have no rights as a result of any default by LAUSD until County gives 30 days notice to LAUSD, specifying the nature of the default. LAUSD shall then have the right to cure such default, and LAUSD shall not be deemed in default if LAUSD cures such default within 30 days after receipt of notice of the default, or within such longer period of time as may reasonably be necessary to cure the default, provided that LAUSD commences cure within such 30 days.

18.3 County's Default. County shall not be in default of any of its obligations under this Agreement unless County fails to perform such obligations within a reasonable time, but in no event less than 30 days, after written notice by LAUSD to County specifying wherein County has failed to perform such obligations; provided however, that if the nature of County's default is such that more than 30 days are required for its cure, County shall not be in default if County commences such cure within such 30 day period and thereafter diligently prosecutes the same to completion.

18.4 LAUSD Remedies. In the event of any default by County as described in Section 18.3 above, subject to all applicable laws that may restrict remedies against a county, including,

but not limited to, restrictions within the California Government Code, LAUSD's remedies under this Agreement are to pursue County for specific performance and/or actual damages including reasonable attorneys' fees and costs, resulting from County's default. LAUSD shall have no rights as a result of any default by County until LAUSD gives 30 days notice to County, specifying the nature of the default. County shall then have the right to cure such default, and County shall not be deemed in default if County cures such default within 30 days after receipt of notice of the default, or within such longer period of time as may reasonably be necessary to cure the default, provided that County commences cure within such 30 days.

ARTICLE XIX

ASSIGNMENT; LEASE; ENCUMBRANCES

19.1 Agreement. The rights and obligations of County under this Agreement may not be assigned by County without the prior written approval of LAUSD, which approval may be denied or conditioned in LAUSD's sole and absolute discretion. No such assignment shall relieve County of its obligations under this Agreement.

19.2 Lease. Under no circumstances shall the County lease all or part of the Premises or the Health Care Center to any entity, except with the prior written consent of LAUSD, which consent shall not be unreasonably withheld.

19.3 Assignment by County. Under no circumstances shall County assign all or part of the Health Care Center to any entity, except with the prior written consent of LAUSD, which consent may be withheld at LAUSD's sole and absolute discretion, and in no event shall County transfer its interest in the Health Care Center or the Premises separate from County's interests and obligations under this Agreement. No such assignment shall relieve County of its obligations under this Agreement.

19.4 Mortgage by County. County will not, without LAUSD's prior written consent, execute a mortgage encumbering all or any portion of the right, title and estate of County in the Health Care Center or the Premises. In the event a mortgage is allowed, then such mortgage shall at all times be subject and subordinate to, and shall not affect or become a lien upon, LAUSD's fee estate in the Premises or LAUSD's right, title or interest in the Health Care Center.

19.5 Encumbrance. County shall not, without the prior written consent of LAUSD, encumber its interest in the Health Care Center or the Premises, or any part thereof.

19.6 Other. Any assignment, transfer, mortgage, encumbrance or lease of, or any license, concession, franchise or other permission to use the Health Care Center or the Premises granted by County to any person or entity shall be expressly subject and subordinate to all applicable terms and conditions of this Agreement.

19.7 LAUSD Approval. Notice of any actual or proposed assignment, transfer, mortgage, encumbrance, lease or hypothecation of the Health Care Center, the Premises or this Agreement shall be given by County to LAUSD, together with a copy of the proposed

documentation thereof (including, in the event of an assignment, the assumption document in which the assignee or proposed assignee agrees to assume all obligations of County under this Agreement), with all necessary and appropriate details for LAUSD to provide an informed approval.

19.8 Costs. County shall reimburse LAUSD for LAUSD's costs and attorney's fees incurred in conjunction with the processing and documentation of any actual or proposed assignment, transfer, mortgage, encumbrance, lease or hypothecation of the Health Care Center, the Premises or this Agreement by County, or any license, concession, franchise or other permission to use the Health Care Center or the Premises granted by County to any person or entity.

19.9 Assignment by LAUSD. LAUSD shall have the right at any time and from time to time during the Term or any Extension Term to sell or assign all or any portion of its fee interest in the LAUSD Property and/or the Premises; provided, however, that under no circumstances shall LAUSD assign all or part of the Premises to any entity separate from LAUSD's interests and obligations under this Agreement. Notice of any assignment or proposed assignment of this Agreement made in conjunction with such transfer shall be given by LAUSD to County at least sixty (60) days prior to such assignment or proposed assignment, together with a copy of the assumption document by which the assignee or proposed assignee agrees to assume all obligations of LAUSD under this Agreement.

ARTICLE XX

NOTICES

Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery delivered by a representative of the party giving such notice, or (b) overnight delivery by recognized overnight courier, or (c) United States mail, postage prepaid, registered or certified mail or (d) facsimile, addressed as follows:

If to County: Chief Administrative Office, Real Estate Division
County of Los Angeles
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Facsimile: (213) 217-4971

and a copy to: Department of Health Services
Contracts & Grants
313 N. Figueroa Street, 6th Floor East
Los Angeles, CA 90012
Attn: Director, Contracts & Grants
Facsimile: (213) 250-2958

and a copy to: County of Los Angeles County Counsel

648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Attention: Thomas J. Faughnan
Facsimile: (213) 687-7337

If to LAUSD: Real Estate – Leasing & Asset Management
Los Angeles Unified School District
355 South Grand Avenue, Suite 500
Los Angeles, CA 90017
Attn: Eileen Ma, Deputy Director of Leasing & Asset Management
Facsimile: (213) 633-7301

and a copy to: Office of General Counsel – Facilities Legal Team
Los Angeles Unified School District
355 South Grand Avenue, 11th Floor
Los Angeles, CA 90017
Attn: Donna Kanemaru, Associate General Counsel
Facsimile: (213) 633-7520

and a copy to: Pillsbury Winthrop Shaw Pittman LLP
10250 Constellation Blvd., 21st Floor
Los Angeles, CA 90067
Attn: James M. Rishwain, Jr., Esq.
Facsimile: (310) 286-6672

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been delivered either at the time of personal delivery actually received by the addressee or a representative of the addressee at the address provided above or, if delivered on a business day in the case of delivery service or certified or registered mail, as of the earlier of the date delivered or the date 72 hours following the date deposited in the United States mail at the address provided herein, or if by telecopier, upon electronic confirmation of good receipt by the receiving telecopier. County and LAUSD hereby agree that notices may be given hereunder by the parties' respective counsel and that, if any communication is to be given hereunder by County's or LAUSD's counsel, such counsel may communicate directly with all principals as required to comply with the provisions of this Article XX.

ARTICLE XXI

MISCELLANEOUS

21.1 Partial Invalidity; Construction. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected

thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law. In the event that this Agreement is terminated prior to the Expiration Date due the invalidity or unenforceability of any term or provision of this Agreement, the parties hereto agree to use good faith efforts to enter into a new agreement or agreements in substantially similar form to this Agreement, correcting or removing the invalid or unenforceable term or provision, in order to carry out the purpose of this Agreement, namely to develop, maintain and operate a Health Care Center on the Premises for a total period of forty (40) years.

21.3 Captions. The captions and headings in this Agreement are inserted only as a matter of convenience and for reference, and they in no way define, limit or describe the scope of this Agreement or the intent of any provision thereof.

21.4 Choice of Law. This Agreement shall be governed and construed by the laws and courts of the State of California.

21.5 Interpretation. This Agreement shall be deemed to be jointly prepared by both of the parties hereto, and any ambiguities or uncertainties herein shall not be construed for or against either of the parties hereto.

21.6 Further Assurances. LAUSD and County agree to execute all documents and instruments reasonably required in order to consummate the transactions contemplated under this Agreement.

21.7 Attorneys' Fees. In the event either party hereto should commence an action against the other to enforce any obligation set forth herein (including, but not limited to, arbitration), the unsuccessful party shall pay to the prevailing party its cost of litigation or arbitration, including reasonable attorneys' fees, whether or not the suit is brought to judgment or conclusion in arbitration.

21.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument.

21.9 Entire Agreement. This Agreement contains all of the agreements of the parties hereto with respect to the matters covered hereby, and no prior agreements, oral or written, or understandings or representations of any nature whatsoever pertaining to any such matters shall be effective for any purpose unless expressly incorporated in the provisions of this Agreement. The provisions of this Agreement shall not be amended or altered except by an agreement in writing signed by both of the parties hereto prior to its becoming effective.

21.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, transferees, successors and assigns of the respective parties hereto.

21.11 Time Is of the Essence. Time is of the essence with respect to the performance or observance of each of the obligations, covenants and agreements under this Agreement.

21.12 Gender. As used herein, the neuter gender includes the feminine and the masculine, the masculine includes the feminine and the neuter and the feminine includes the masculine and the neuter, and each includes corporation, partnership or other legal entity when the context so requires.

21.13 Waiver. Either party may waive the satisfaction or performance of any conditions or agreements in this Agreement which have been inserted for its own benefit, so long as the waiver is signed and specifies the waived condition or agreement and is delivered to the other party hereto. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof. Consent to or approval of any act by one of the parties hereto shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be deemed a waiver of, or in any way affect, the right of one of the parties to insist upon the performance by the other party in strict accordance with said terms.

21.14 Cumulative Remedies. No remedy herein shall be considered exclusive of any other remedy, but the same shall be cumulative and, except as set forth in Section 18.2 above, shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Agreement may be exercised from time to time and as often as occasion may arise or as may be deemed expedient.

21.15 No Subordination. Nothing contained in this Agreement shall be deemed to subordinate the fee interest of LAUSD in the LAUSD Property or the Premises to the interest of County.

21.16 Severability. The invalidity or unenforceability of any provision of this Agreement as determined by a court of competent jurisdiction shall in no way affect the validity of any other provisions hereof.

21.17 Force Majeure. All time periods set forth in this Agreement shall be extended by one day for each day of Force Majeure Delay that occurs. "Force Majeure Delay" shall mean any actual delays due to strikes, lockouts or other labor disturbance, civil disturbance, riot, sabotage, blockage, embargo, inability to secure materials, supplies or labor through ordinary sources by reason of regulation or order of any government or regulatory body, severe or unusual shortages of material, supplies or labor, lightning, rain, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion, terrorist act, or any other cause outside of LAUSD's or County's reasonable control similar to the foregoing; provided, however, that, notwithstanding the foregoing, County shall in any event pay any sum of money required to discharge any lien pursuant to Article XI hereof if at any time the Premises or the LAUSD Property, and improvements thereon, or any part thereof, shall be in danger of being foreclosed, forfeited or lost.

21.18 Reimbursement Charges. Notwithstanding anything to the contrary set forth in this Agreement, other than in the context of a default under this Agreement, the parties shall reasonably cooperate with each other to minimize any and all reimbursement obligations under this Agreement.

21.19 Incorporation. The terms and conditions of Exhibits A, B, C, D, E, and F attached hereto are incorporated herein by this reference thereto.

21.20 Days. The word “days” as used in this Agreement shall mean and refer to calendar days. If the time period for the performance of any act under this Agreement expires on a Saturday, Sunday or any other day in which banking institutions in the State of California are authorized or obligated by law or executive order to close (“Holiday”), the act in question may be performed on the next succeeding day that is not a Saturday, Sunday or Holiday.

21.21 Signatures. Upon receiving a confirmation of receipt, either party hereto may rely on the facsimile signature of the other party hereto as if the party executing the document had hand delivered an ink-signed original of such document.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, LAUSD and County have executed this Agreement as of the above Execution Date.

LAUSD:

LOS ANGELES UNIFIED SCHOOL DISTRICT,
a school district duly organized and existing under the laws
of the State of California

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COUNTY:

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Mayor, County of Los Angeles

ATTEST:

Sachi Hamai
Executive Officer-Clerk of
The Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By:  _____
Deputy

EXHIBIT A

Legal Description of the LAUSD Property Licensed to County

THE SOUTHERLY 369.5 FEET OF THE EASTERLY 280 FEET OF LOT 1 OF TRACT 14285 AS PER MAP RECORDED IN BOOK 404, PAGES 36 AND 37, OF THE COUNTY RECORDER OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA,

EXCEPT THEREFROM THE NORTHERLY 22 FEET OF THE EASTERLY 112 FEET THEREOF,

ALSO EXCEPT THEREFROM THE SOUTHERLY 347.5 FEET OF THE WESTERLY 20.7 FEET THEREOF.

EXHIBIT B

Sun Valley Health Center Site Plan

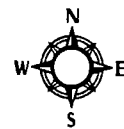
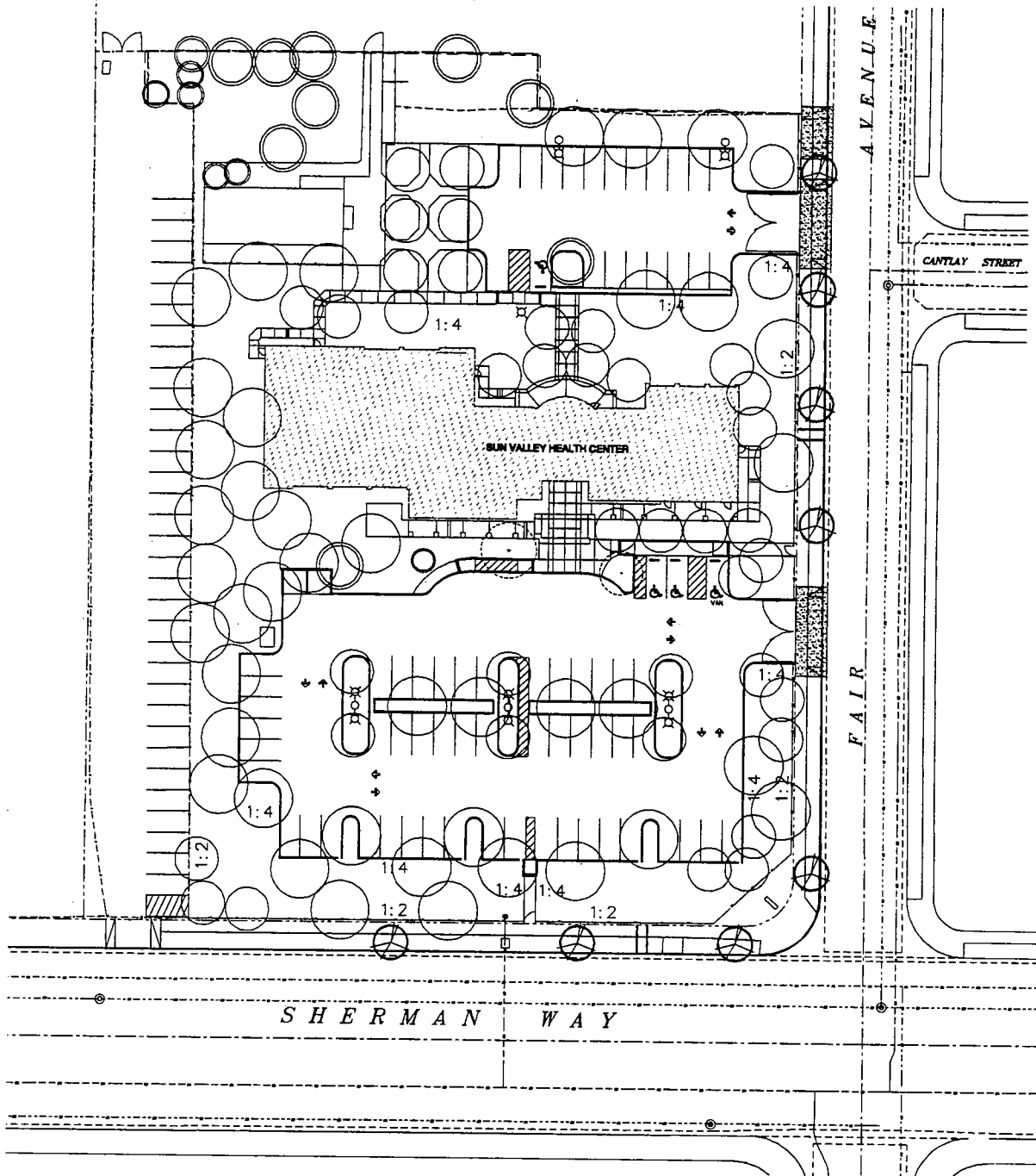


EXHIBIT C

PROJECT SCHEDULE

<u>Project Activity</u>	<u>Scheduled Completion Date</u>
Design	04/2006
Jurisdictional Approvals	05/2006
Construction Bid and Award	07/2006
Construction Start	08/2006
Substantial Completion	08/2007
Final Acceptance	11/2007

EXHIBIT D

Schematic Drawings

EXHIBIT E

Form of Payment and/or Performance Bond

FAITHFUL PERFORMANCE BOND

WHEREAS County, a body politic and corporate duly organized under the laws of the State of California, hereinafter called COUNTY, and

hereinafter called CONTRACTOR, have entered into a Contract, which is incorporated by reference herein in its entirety, dated:

for:

Contract Amount:

NOW, THEREFORE, CONTRACTOR, as Principal, and _____
as Surety; are held and firmly bound to COUNTY in the amount set forth under the bond, for the payment whereof in the manner specified, the CONTRACTOR and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents:

FAITHFUL PERFORMANCE BOND

In an amount equal to One Hundred Percent (100%) of the above Contract Amount. The condition of this obligation is that if the CONTRACTOR shall in a workmanlike manner promptly, competently, and faithfully perform all of the terms and conditions of the Contract in strict conformity therewith, then this obligation shall be null and void, otherwise it shall remain in full force and effect.

The Surety, for value received, hereby stipulates and agrees that no adjustment to the Contract Amount and or Contract Times, alteration, additions and/or deletions to the terms of the Contract, or to the work to be performed thereunder, shall in anyway affect its obligations on the above bond, and it does hereby waive notice of any such change, adjustment, alteration, addition or deletion to the terms of the Contract Documents. The Surety hereby acknowledges and agrees that COUNTY may assign its rights herein to the LOS ANGELES UNIFIED SCHOOL DISTRICT without the consent of Surety.

In case any suit is brought upon this bond, reasonable attorneys' fees shall be awarded to the prevailing party, only the amount thereof being within the Court's discretion. Attorneys' fees awarded against the Surety can exceed the penal sum of this bond.

Signed and sealed this _____ day of _____ 2006.

CONTRACTOR

SURETY

By

Attorney-in-Fact

By
Title

Address
Telephone Number
Bond Number

COUNTY will obtain the following certification:

CERTIFICATION BY LOS ANGELES COUNTY CLERK'S OFFICE

I hereby certify:

1. The named Surety is currently certified by the State Insurance Commissioner as an admitted Surety Insurer and such authority is in full force and effect.
2. This office has on file the financial statement of the named surety for the period ending _____ showing capital and surplus not less than ten (10) times the Contract Amount.

EXHIBIT F

**LAUSD and Northeast Valley Health Corporation
Health Care Services Agreement**

EXHIBIT F
(DRAFT)
MEMORANDUM OF AGREEMENT BETWEEN
LOS ANGELES UNIFIED SCHOOL DISTRICT
AND
NORTHEAST VALLEY HEALTH CORPORATION
FOR
OPERATION OF SUN VALLEY HEALTH CENTER

This Memorandum of Agreement ("Agreement") #0700001, is entered into between, Northeast Valley Health Corporation, hereafter referred to as Provider and Los Angeles Unified School District, hereafter referred to as District, for the purpose of operating the Sun Valley Health Center ("Health Center") on the campus of a District school. It is recognized that the provisions of this Agreement shall be construed in a manner not inconsistent with the California Education Code and other laws of the State of California.

In furtherance of the foregoing purpose, Provider and District agree as follows:

1. **Term of Agreement.** This Agreement shall be effective for an initial term of fifteen (15) years from **November, 2007** through **November, 2022**, and renewable for additional five (5) year terms.
2. **Location.** The location of the Health Center and delivery of services will be on the premises of the Sun Valley Middle School ("School") in a facility of approximately 10,070 square feet to be constructed on the northwest corner of Sherman Way and Fair Avenue on the edge of the School grounds, which shall include 14 examination rooms, four counseling offices, a business office for medical records, a pharmacy, a lab/phlebotomy, education and training rooms, an employee lunchroom and waiting areas to support these functions, 59 parking spaces, three of which are designated as handicapped parking

spaces and a small turf play area in front of the Health Center ("Facility"). The District will be responsible for providing water to the facility. The County of Los Angeles is responsible for structural maintenance and repairs to the building.

3. Description of Services.

A. Primary care and case management shall be provided in a manner that is linguistically appropriate and culturally sensitive to the community to be served. At a minimum, Provider shall include the following services:

- Physical examinations (including CHDP & sports physicals)
- Diagnosis and treatment of illness
- Immunization (Hepatitis, Varicella, DPT, DT, HIB, MMR, etc.)
- Mantoux (TB) Testing
- Medication and Laboratory services (on-site)
- Diagnosis and treatment of sexually transmitted diseases, and communicable diseases
- Prenatal care
- Family Planning (Counseling/Prevention/Birth Control Services)
- Referrals for additional care where indicated.
 - (Eligibility Screening, & linkage to enrollment assistance regarding appropriate health access programs)
- Chronic Care Management for children and adults for conditions such as Diabetes, Asthma and Obesity, etc. (health education classes and mental health counseling)
- Case management
- Health Education and Nutrition counseling
- Mental Health Counseling and referral
- Clerical and translation services.

Provider will use generic pharmaceuticals whenever possible.

The population served by the Health Center shall be primarily students attending the School, their families, the “feeder” schools in the area, and the community.

- B. District agrees to provide the following, at no cost to Provider:
 - a. Exclusive use of the Facility.
 - b. Water required for operation of the Facility.
 - c. Security services for the Facility during times the clinic is not open to patients.
 - d. Assistance with Health Center enrollment and outreach activities.
 - e. Assistance with completion of periodic student surveys and access to student demographics, school performance, and attendance data, as reasonably requested.
 - f. Provide access to students during instructional time according to mutually developed procedures.
 - g. Participation in quality assessment activities according to mutual agreements.
 - h. To extent permitted by law, provide demographic and insurance information on students that assists provider in obtaining reimbursement from payors.
- C. NEVHC will be responsible for the following, at no cost to the District, but not limited to:
 - a. Telephone access
 - b. Electricity and Gas

- c. Routine maintenance
- d. Grounds maintenance (i.e. landscaping)
- e. Trash disposal
- f. Hazmat management and disposal
- g. Interior cleaning and maintenance
- h. Security during hours of operation
- i. Primary Care Services

4. **Access to Services.** No student shall be turned away, barred or delayed in receiving services, based on a student's ability to pay. Provider shall neither design nor deploy programs in such a manner as to exclude or disadvantage low-income or uninsured students nor to advantage students with third-party payers or other financial means.

To modify utilization patterns toward primary and preventive care, Provider shall work towards offering services in time frames and formats most conducive to the utilization of primary and preventive care by low-income students.

NEVHC will bill all potential third-party payors, including but not limited to private insurance companies. Students covered by a private insurance policy who have their own provider will be referred to the provider, unless the student's parent/guardian wishes to have the student's insurance reassigned to Provider. Parents will be billed for services that are denied by an insurance payor. However, such parents may apply for Provider's subsidy program and pay for services on a sliding fee scale. If there is an out of plan billing option available for managed care plan students enrolled in the school, NEVHC will

utilize that option when barriers to care exist (i.e. lack of transportation) that prevents the student from accessing their regular primary care provider.

5. **Informed Consent of Parents.** When parents are informed about the availability of a service at the site, it must be made clear that the Provider's services are not part of the regular and ongoing programs of the LAUSD. The service is being made available as a convenience, bringing Provider personnel to the campus where the students can have greater access to services. Provider shall obtain written parental consent on a District approved form prior to providing any type of medical or psychological services, including diagnostic services, treatment, or counseling, service(s) to a minor; except that such consent will not be required if: the minor is emancipated or married; the minor is requesting treatment for the minor's own minor child; such consent is not required by or is excused under any federal, state or local law; or an emergency exists and Provider stabilizes the student until an emergency medical technician is on-site. Provider and District shall mutually agree to any changes to the content of the parent/guardian consent form that is to be used. Provider shall assume responsibility for obtaining, verifying with parent/guardian, and maintaining written consent on file. The District shall cooperate with Provider in such efforts.
6. **Communication between Provider and School/District.** Regular meetings should be held between the Provider and the District/ staff to address any issues of concern in a timely manner at mutually convenient times and locations as agreed by the parties.
7. **Hours of Service.** Hours of operation shall be determined by Provider and occur, at a minimum, during the hours the campus students are in attendance. To offer services in time frames and formats most conducive to the needs of the students, the parties may mutually agree to operate

the Health Center for such additional hours and on such additional days as deemed warranted by the parties. These additional hours may include:

- A. Evening and weekend services;
- B. Walk-in Services;
- C. Same day appointments;
- D. Outreach to difficult to reach populations.

Provider shall maintain, at a minimum, the hours of operation indicated on Exhibit A-2 incorporated herein as Exhibit A. Contemplated changes in the hours of operation shall be communicated at least ten (10) calendar days in advance to Director, Integrated Student Health Partnerships, hereafter referred to as Director, for his/her concurrence.

8. **Non-Discrimination in Services.** Provider shall not unlawfully discriminate in the provision of services hereunder because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, or condition of physical or mental handicap, marital status, or political affiliation, in accordance with all requirements of Federal or State law. For the purposes of this paragraph, discrimination in the provision of services may include, but is not limited to, the following:

- A. denying any person any service or benefit of the availability of a facility;
- B. providing any service, or benefit to any person which is not equivalent, or is not provided in an equivalent manner at a non-equivalent time, from that provided to others;

- C. subjecting any person to segregation or separate treatment in any matter related to the receipt of any service;
 - D. restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and,
 - E. treating any person differently from others in determining enrollment quota, eligibility, or any other requirements or conditions which persons must meet in order to be provided any service or benefit.
9. **Staffing.** Provider shall adhere to applicable personnel standards of Title 22 of the California Health and Safety Code herein after referred to as Title 22, and all other appropriate and applicable standards.
- A. All Provider staff shall be deployed into a staffing configuration that allows for the supervision required by Title 22 and all other applicable regulatory requirements.
 - B. Provider shall be solely responsible for staffing of the Health Center for medical and related services as set forth in this Agreement. Provider shall attempt to employ a sufficient number of staff that is linguistically and culturally competent.
 - C. Provider shall obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, and certificates required by law which are applicable to its performance of this Agreement, and shall ensure that all its officers, employees, volunteers, and agents who perform services hereunder obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, and certificates required by law which are applicable to their performance hereunder. Copies of current licenses, registrations and certifications shall be maintained by

Provider and posted as required by applicable law, and made available for review upon request by the Director or other authorized Person or Agency.

- D. Provider will use its reasonable best efforts to assure that its employees, subcontractors and agents providing services to students are adequately screened so as to prevent the assignment of personnel who may pose a threat to the safety and welfare of students, and that all such personnel shall provide evidence of freedom from tuberculosis for a period within six (6) months prior to the onset of service and provide annual certification thereafter.
- E. Provider certifies that staff/trainees will follow legal guidelines on reporting child abuse/neglect, and that staff/trainees in contact with students meet District guidelines on reporting child abuse/neglect, follow District guidelines for follow-up where student poses a threat to self or others, and works with District to serve children identified with special needs to achieve appropriate accommodations or modifications in their educational programs.
- F. Provider shall arrange for a Medical Director for the Health Center. The Medical Director shall supervise the administration of all medical services provided by the Health Center so as to meet all requirements relating to the provision of medical services in the State of California.
- G. Provider shall identify a person who has responsibility for making decisions concerning Health Center operations.
- H. Provider will use its reasonable best efforts to assure that it complies with all Federal statutes and regulations regarding employment of aliens and others, and that all its employees performing services hereunder met the citizenship or alien status requirements contained in Federal statutes and regulations.

10. Fingerprinting. The Contractor shall comply with the requirements

of California Education Code Section 45125.1, and perform the following acts:

- A. Require all current and subsequent employees of Contractor who may enter a school site during the time that pupils are present to submit their fingerprints in a manner authorized by the California Department of Justice (the "CADOJ");
- B. Prohibit employees of Contractor from coming into contact with pupils until the ACDOJ has ascertained that the employee has not been convicted of a felony as defined in California Education Code Section 45122.1;
- C. Certify in writing to the District that neither Contractor nor any of Contractor's employees who may enter a school site during the time that pupils are present have been convicted of a felony as defined in California Education Code Section 45122.1 and provide such certification to the District administrator for this contract; and
- D. Provide a list of the names of Contractor's employees who may have contact with pupils to the District administrator for this contract. This list shall be updated for employee changes and shall list employees by appropriate school site.
- E. The District may require the Contractor and its employees who may have contact with pupils to submit to additional background checks at the District's sole and absolute discretion.

11. **Nondiscrimination in Employment.** Provider shall comply with applicable federal and California anti-discrimination laws, including, but not limited to, the California Fair Employment and Housing Act, beginning with Section 12900 of the California Government Code. Provider shall employ qualified applicants, and shall affirm that, in connection with all work performed under this Agreement, there shall be no unlawful discrimination against any employee or applicant for employment because of race, color, religious creed, national origin, ancestry, marital status, sex, sexual orientation, age, disability, medical condition or potential affliction and therefore the Provider agrees to comply

with applicable federal and state laws. In addition, the Provider agrees to require like compliance by all Subcontractors employed on the work site.

12. **Conflict of Interest.** Provider represents that Provider has no existing financial interest and will not acquire any such interest, direct or indirect, which could conflict in any manner or degree with the performance of services required under this Agreement and that no person having any such interest shall be subcontracted in connection with this Agreement, or employed by Provider.

A. Provider will take reasonably necessary steps to avoid the appearance of a conflict of interest and shall have a duty to disclose to the District prior to entering into this Agreement any circumstances known to Provider to exist at such time, which pose a potential conflict of interest.

B. Provider warrants that it has not directly or indirectly offered or given, and will not directly or indirectly offer or give, to any employee, agent, or representative of District any cash or non-cash gratuity or payment with view toward securing any business from District or influencing such person with respect to the conditions, or performance of any contracts with or orders from District including, without limitation, this Agreement. Any breach of this warranty shall be a material breach of each and every contract between District and Provider.

C. As a condition of this Agreement, Provider agrees to comply with the code of ethics set forth in the Los Angeles Unified School District Contractors and Consultants Code of Conduct, which is attached hereto as Exhibit

C and made a part hereof.

D. Should a conflict of interest issue arise, Provider agrees to fully cooperate in any inquiry and to provide the District with all documents or other information reasonably necessary to enable the District to determine whether or not a conflict of interest existed or exists.

E. Failure to comply with the provisions of this section shall constitute grounds for immediate termination of this Agreement, in addition to whatever other remedies the District may have.

13. **Performance Goals.** It is the parties' desire to maximize use of medical and related services offered by Provider. In order to maximize such use, the parties agree to meet the service goals listed in Exhibit B and updated annually thereafter.

14. **Quality Assurance/Quality Improvement.** This paragraph 13 and all rights granted any Person herein, including but not limited to rights to inspect records or receive information, are subject to all confidentiality and privacy laws regarding medical records and health information under HIPAA and all other applicable federal, state and local laws and regulations, as currently in effect and as amended from time to time.

A. Provider shall cooperate in active and effective quality assurance functions, to assure that necessary and appropriate services are provided in a timely manner to students seeking services at the Health Center and that such services are reflected in the student's medical record with appropriate and complete documentation.

B. Provider shall at all times demonstrate expertise in and a commitment to assessing and improving the quality of services. Provider agrees to cooperate with the District to objectively monitor and evaluate services provided by the Provider. The District may from time to time conduct student satisfaction and quality assessment studies to ensure the consistency and integrity of the results of the studies in comparing them with other facilities and best practices. Provider may from time to time conduct student satisfaction and quality assessment studies, and agrees to share the results of such studies with the District.

C. Provider shall investigate and respond appropriately to all quality issues, and shall work with the District to resolve any quality and accessibility issues related to services provided to students. As soon as reasonably possible, Provider shall remedy any condition at the facilities related to the care of students, which has been reasonably determined by the District or by any governmental agency to be unsatisfactory. Provider and the District shall work together to continuously improve the care and service provided to students and to resolve problems related to the provision of services.

D. Provider agrees to review the practice patterns of its professionals and other provider staff, and to review services provided by them. Provider agrees to use its best efforts to correct any problems that are identified. Provider will report any material problems to the District and will comply with any Quality Assurance plan agreed upon between the Provider and the District.

E. Provider and District shall take corrective action in any deficiencies identified through site reviews by District, Federal, State or Local agencies. Corrective action shall be accomplished within sixty (60) calendar days, except that, if the deficiency requires more than sixty (60) days to complete, Provider will begin corrective action within such time and diligently pursue it. However, if deficiency materially compromises the quality of care delivered under this Agreement so as to endanger the health or well being of a student, Director may suspend this Agreement until the deficiency is corrected.

F. Complaint and Conflict Resolution.

Complaints: Provider shall use its reasonable best efforts to render services and interact with students in a manner that facilitates student satisfaction. If Provider is unable to resolve a complaint received from a student and/or his/her parent/guardian to his or her satisfaction, Provider shall notify such complainant that he or she may contact the Site Administrator to pursue the

complaint further. Provider shall notify Director and cooperate with the District in identifying, processing and resolving material complaints that it is not able to resolve to the satisfaction of a student and/or parent/guardian. Complaints identified by District shall be handled in a reciprocal manner with the Provider. District personnel will first attempt to resolve the complaint(s) to result in the satisfaction of the complainant. District personnel will notify the Health Center Coordinator of these efforts, and if satisfaction is not achieved, shall inform the Director to further engage in the next level of problem resolution.

Conflicts: Should any problems or conflicts arise in the course of the delivery of services, it is understood that the Director and/or authorized representative of District will work with the parties in conflict to accomplish an effective resolution through mediation.

Provider shall comply with all federal, state, and local statutes, laws, regulations, and ordinances relating to the handling of patient complaints and notifying patients of their rights when they have a complaint.

H. Evaluation.

Provider shall cooperate, subject to applicable statutory provisions of confidentiality, in such evaluations or assessments of the Health Center as the District may institute during the term of this Agreement. The District shall coordinate such evaluations and assessments to protect Provider against unnecessary duplication of data collection.

Provider acknowledges that the presentation or services may be evaluated by all parties, the Director, the District's Program Evaluation and Research Branch (PE&RB) or any other District offices or schools and understands that the results of the evaluation may be made available to the Provider upon request. The Provider agrees to cooperate fully with any such evaluation and agrees to promptly furnish information that is requested by the District for evaluation purposes.

Provider may utilize evaluation data and/or collect additional data for research studies, publication, scholarly pursuits, etc. Prior to publication, both parties agree to mutually review all reports derived from project data. The District shall not unreasonably withhold consent for such activities.

I. Administration and Monitoring

1. The Director shall administer this Agreement on behalf of the District.
 2. Provider extends to Director, and to State and or Federal representatives, the right to inspect and review Provider's programs and procedures as directed by applicable law to confirm compliance with its obligations hereunder upon request, subject to patients' confidentiality and privacy rights.
 3. District shall conduct its reviews and monitoring at intervals specified by mutual Agreement of the parties.
 4. District, State or Federal inspections or reviews may include, but not be limited to, inspection or review for:
 - a. adherence to eligibility determination procedures;
 - b. provision of appropriate care;
 - c. appropriate supervision, orientation, and training of staff (including those in a volunteer capacity), in accordance with applicable Title 22 provisions; and,
 - d. adherence to Title 22 regulations related to provision of health care.
15. **Subcontracting.** Provider shall ensure its employees, agents and subcontractors comply with the terms of this Agreement. Contractor shall obtain approval from the District prior to appointing sub-contractors.

16. **Community Participation.** By federal law, the NEVHC board of directors must have control of Health Center services, such as hours of operation, etc. Further, NEVHC has community members on its board, which is the appropriate venue for consumer participation in its operations.
17. **Furnishings and Equipment.** Provider shall be responsible for Health Center furnishings, medical equipment and supplies. All other furniture and equipment is property of Provider. Each party shall be responsible for the maintenance of their own furnishings and equipment.
18. **Bio-hazardous Waste.** Provider shall handle and dispose of its infectious and bio-hazardous waste in accordance with all applicable laws and regulations.
19. **Public Health Reporting Requirements.** Provider shall comply with all reporting requirements set forth in the California Code of Regulations, Title 17, Division 1, Chapter 4, Subchapter 1, Article 1.
20. **Public Announcements and Literature.** In public announcements and literature distributed by Provider for the purpose of advising students and the general public of its health services, such message shall indicate the health services provided under this Agreement are partially funded by the Los Angeles Unified School District.
21. **Insurance**

Contractor shall maintain the following insurance coverage, at its sole expense, sufficient to cover any claims, damages, liabilities, costs and expenses (including counsel fees) arising out of or in connection with Contractor's fulfillment of any of its obligations under this Agreement or either party's use of the Work or any component or part thereof:

- A. Commercial General Liability (CGL) Insurance coverage includes both bodily injury and property damage with the following limits:

\$1,000,000 per occurrence
\$ 100,000 fire damage
\$ 5,000 medical expenses
\$1,000,000 personal & advertising injury
\$3,000,000 general aggregate
\$3,000,000 products/completed operations aggregate

- B. Commercial (Business) Automobile Liability Insurance for owned, non-owned or hired automobiles with a combined single limit of \$1,000,000.
- C. Errors and Omissions Insurance: \$5,000,000 per occurrence and \$5,000,000 aggregate.
- D. Workers' Compensation and Employers Liability Insurance in a form and amount covering Contractor's full liability under the California Workers' Compensation Insurance and Safety Act and in accordance with applicable state and federal laws.

Part A - Statutory limits

Part B - \$1,000,000/\$1,000,000/\$1,000,000

Employers Liability

- E. Contractor, upon execution of this contract and periodically thereafter upon request, shall furnish the District with certificates of insurance evidencing such coverage. The policies of insurance providing the coverages referred to in clauses A and B above shall name the District, its officers, agents, representatives, employees and the Board of Education as additional insured with respect to any potential tort liability, irrespective of whether such potential liability might be predicated on theories of negligence, strict liability or products liability. Premiums on all insurance policies shall be paid by Contractor and shall be deemed included in Contractor's obligations under this contract at no additional charge.

22. **Liability.** Provider shall defend, indemnify and hold harmless District, its officers, agents and employees against all claims, regardless of form, and

lawsuits for damages for death or injury to persons or property arising from or connected with property owned by and/or services rendered by Provider, its officers, agents or employees under this Agreement.

District shall defend, indemnify and hold harmless Provider, its officers, agents and employees against all claims, regardless of form, and lawsuits for damages for death or injury to persons or property arising from or connected with property owned by and/or services rendered by District, its officers, agents or employees under this Agreement.

23. **Independent Contractor.** While engaged in performance of this Agreement, Provider is an independent contractor and is not an officer, agent, or employee of the District.
24. **Charges for Clinic Services.** No student will be denied service(s) due to inability to pay for the same. Where some form of private insurance or comparable government benefit covers a recipient of service(s), Provider shall be entitled to obtain payment from such third party payor sources.
25. **Reports and Records.**
 - A. **Services Rendered.** Provider shall maintain complete and accurate student encounter records including, but not limited to: name, sex, birth date, address, Social Security number and third party coverage as applicable; and medical records on all care delivered by Provider, in accordance with Titles 17 and 22, California Code of Regulations standards for Health Center operations. Provider shall retain such records for the period required by law, but in any event, no less than seven (7) years from the date of their making, or until Federal, State and/or Local audit findings applicable to such services are resolved, whichever is later. Medical records developed and maintained at the Health Center site shall be the property of Provider. Provider shall be

the custodian of records for purposes of service of legal process relative to such records.

- B. Management Information Reports. Provider will submit management information reports, developed by the District in consultation with Provider, on a quarterly basis not later than 30 days after the end of each quarter, i.e., by October 30, 2007, January 30, 2008, April 30, 2008, and July 30, 2008. Data from these reports is used by the District for such responsibilities as: determining if accountabilities are being met; developing aggregate report for funders; preparing for public testimony on development of policy relating to school-based health clinics; reporting on such areas as public access to health care; and engaging new funders in the partnership.
 - C. Financial Records. Provider shall maintain accurate and complete financial (including billing and eligibility) records of its operations as they relate to its services under this Agreement in accordance with generally accepted accounting principles.
 - D. Audit Reports NEVHS shall make audit findings available to District upon request.
26. Confidentiality of Records. Provider and District recognize that records relative to students, maintained by them respectively, are confidential pursuant to related provisions of federal and state law. Irrespective of anything to the contrary in this Agreement, District understands and agrees that Provider will not release any records or information that are confidential, privileged or subject to privacy rights under federal, state or local laws and regulations, without proper legal authorization from the student and/or the student's parent/guardian, as appropriate. The parties intend this paragraph to control all provisions of this Agreement and to survive termination of this Agreement for any reason.

27. **Compliance with Governmental Requirements.** Provider and District shall comply with all codes, ordinances, rules, regulations and requirements of all municipal, state and federal authorities now in force or which may hereinafter be in force pertaining to the operation of the Health Center. The parties agree that in the event new governmental requirements are imposed which effect the parties' obligations and performance under this Agreement, the parties shall negotiate mutually acceptable additional terms to conform this Agreement to such new requirements.
28. **Delegation and Assignment.** Provider shall not delegate its duties or assign its rights hereunder, or both, either in whole or in part, without the prior written consent of the Director. Any delegation or assignment made without such consent shall be null and void.
29. **Termination.** Either Provider or District may terminate this Agreement for cause upon ninety (90) days prior written notice to the other party. As used in this paragraph, "cause" shall include, but not necessarily be limited to, a material breach of the Agreement that is not cured within a reasonable time, taking into consideration the particular circumstances surrounding and the nature of the breach; and a substantial loss of government funding that threatens the financial stability of the Health Center or Provider. This Agreement will automatically renew for successive five (5) year periods unless a party gives written notice to the other party, at least six (6) months prior to the expiration of the then current term of the Agreement, of the party's intention not to renew the Agreement. The District may, by written notice to the Contractor, terminate this agreement in whole or in part at any time, for the District's convenience. Upon receipt of such notice, the Contractor shall:
- (1) immediately discontinue all services affected (unless the notice directs otherwise) and
 - (2) deliver to the District all information and material as may have been involved in the provision of services whether provided by the

District or generated by the Contractor in the performance of this agreement, whether completed or in process. Termination of this agreement shall be as of the date of receipt by the Contractor of such notice.

30. **Arbitration.** The parties agree that, in the event any dispute arises concerning the terms of this Agreement or services to be provided pursuant to this Agreement, the parties shall first attempt in good faith to resolve the dispute to their mutual satisfaction. Either party may initiate such informal process, by written notice given by the initiating party to the other party. If they are unable to resolve the dispute informally within thirty (30) calendar days of the date such written notice was delivered, Provider and District will submit to binding arbitration under the rules and procedures of the American Arbitration Association. The parties to this Agreement shall share fees charged by the American Arbitration Association for handling of a proceeding in equal parts. Any arbitration pursuant to this Agreement shall be instituted within 360 days of the end of the contract in the absence of a written waiver of said time limit executed by the parties.
31. **Entire Agreement.** This executed Agreement constitutes the full and complete expression of the rights and obligations of the parties set forth in this Agreement and attached exhibits of this Agreement and supersedes all other Agreements, written or oral, heretofore made by the parties relative to operation of Sun Valley Health Center.
32. **Amendments.** This Agreement may be modified or amended only by a written instrument executed by all of the parties hereto.
33. **Debarment, Suspension or Ineligibility for award**
By signing this Agreement, the Provider certifies that:

- (a) The Provider and any of its principals are **not** presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency, and
- (b) Have **not**, within a three-year period preceding this contract, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with, commission of any of these offenses.

- 34. **Governing Laws, Jurisdiction and Venue.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Provider agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in Los Angeles County.
- 35. **Authority.** Each of the undersigned parties represents and warrants that all necessary authorizations have been obtained and this Agreement and each person executing this Agreement on behalf of the undersigned parties represents and warrants that he or she has the power and authority to enter into this Agreement and to bind the parties hereto.

36. Legal Notices

Any notices required or permitted under the terms of this Agreement shall be in writing and shall be effective upon receipt, or five (5) days after mailing, postage prepaid, certified, and return receipt requested, addressed to the Parties as follows:

TO THE DISTRICT:

John DiCecco, Director, Integrated Student Health Partnerships
333 S. Beaudry Ave.
Los Angeles, CA 90017

With a copy to:

Richard A. Deeb, Esq.
Office of the General Counsel
333 S. Beaudry Ave., 20th Floor
Los Angeles, CA 90017

Kathy A. McClure
Contract Admin. Analyst
333 S. Beaudry Ave,
28th Flr.
Los Angeles, CA 90017

TO NEVHC

Kimberly Wyard
Chief Executive Officer
Northeast Valley Health Corporation
1172 N. Maclay Avenue
San Fernando, CA 91340

Either Party may from time to time substitute a new address or addresses for notices by delivery to the other Party of a notice complying with this paragraph. This notice procedure relates to provisions of this memorandum and is not to override or replace provisions of the Statement of Work or Scope Process related to operational communications during the term of this Agreement.

IN WITNESS HEREOF, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT
TO BE DULY EXECUTED.

LOS ANGELES UNIFIED SCHOOL DISTRICT

LOCAL DISTRICT SUPERINTENDENT

DATED _____

BY _____

DATED _____

BY _____
Sung Yon Lee, Contracts Supervisor
Contracts Administration

DATED _____

PROVIDER

DATED _____

NORTHEAST VALLEY HEALTH
CORPORATION

BY _____

PRINT NAME Kimberly Kent Wyard

Provider's Authorized Representative

Title: Chief Executive Officer

Address:

Northeast Valley Health Corporation
1172 McClay Avenue
San Fernando, California

“Exhibit A”

SCOPE OF WORK

The Contractor shall provide the following services. The matrix below outlines the minimum level of services to be provided by SVHC:

Physical Examinations	Including sports physicals
Diagnosis and Treatment of Illness	
Immunizations	Hepatitis, Varicella, DPT, DT, HIB, MMR
Mantoux Testing	
Medication Dispensing Services	On-Site
Laboratory Services	On-Site CBC, Urinalysis, etc.
Diagnosis and Treatment of Sexually Transmitted Diseases, Communicable Diseases	
Family Planning	Counseling/Prevention/Birth Control Services
Referral for additional services	Screening, informing and linkage to enrollment assistance regarding appropriate health access
Chronic Care Management for conditions such as Diabetes, Asthma and Obesity, etc.	Health education classes and mental health counseling

PRIORITY OF NEED

Sun Valley Health Center will primarily service the students and their siblings at Sun Valley Middle School, the “feeder” schools in the area, and the community. The clinic will be open weekdays with potential consideration for some evening and Saturday hours. Clinic providers may include physician, nurse practitioner, clinic nurse, health educator, and possibly dental and mental health professional as well a support staff. Strong emphasis will be placed on early intervention, education, and prevention.

Our goal is for the Sun Valley Health Center to become a medical home of primary care services for students, and their families. Referrals for services not provided at the Sun Valley Health Center will be made to the appropriate resources and providers including but not limited to the following: Los Angeles County health facilities, Public-Private Partnership clinics, and the contractors’ existing FQHC clinic network.

**“EXHIBIT A-2”
HOURS OF OPERATION**

**PLEASE COMPLETE ONE INFORMATION FORM FOR EACH SCHOOL SITE
WHERE SERVICES WILL BE DELIVERED.**

SITE/ADDRESS: Sun Valley Middle School

7330 Bakman Ave., Sun Valley, Ca. 91352-4914

Site Operations	M	T	W	Th	F	Sat	Please list other schools served by the clinic:
Regular Clinic Hours	8 to 5	8 to 5	10 to 7	9 to 5	8 to 5	Closed	
On-Site Pharmacy:	Same hours as Clinic						
On-Site Laboratory:	Same hours as Clinic						
On-Site Radiology: Not Applicable	Available off site by referral Monday – Friday 9-5						
Mental Health:	To be determined						
Health Education	To be determined						
OTHER:							
OTHER:							
Describe services available to the broader community: The clinic will provide most primary health care services for children and adults such as pediatrics sick and well child (CHDP) exams; adult medicine including physical exams and screenings, internal medicine, family planning, obstetrics and gynecology. Management and treatment of chronic diseases such as asthma, diabetes and hypertension will also be provided.							

“EXHIBIT B”

ADDENDUM TO OPERATING AGREEMENT WITH LOS ANGELES UNIFIED SCHOOL DISTRICT

CONTRACT NUMBER 0700001

This Addendum is being written pursuant to the existing Operating Agreement between **Northeast Valley Health Corporation** (PROVIDER) and the Los Angeles Unified School District (DISTRICT) establishing minimum standards of performance for Sun Valley Health Center with respect to services provided by the Center to DISTRICT students.

Scope of Services: At a minimum, primary encounters will be distributed across the designated categories and in the manner listed below.

Health Assessment.....

Diagnosis/Treatment - Acute/Chronic Conditions.....

Demonstrable Health Education Services.....

Includes any services to an individual (whether in group or one-to-one) which could stand alone as a health education visit (even if provided as part of a health assessment).

Appropriate and timely referrals.....

Staffing: The following represents the minimal core staff present at the clinic sites during 80% of the days the PROVIDER is open for operations:

Coordination: PROVIDER shall cooperate with DISTRICT staff, including Student Health and Human Services Support Fund (FUND) personnel in the following areas: DISTRICT, including school-site staff, shall coordinate with PROVIDER in the following areas:

Participate with PROVIDER and other DISTRICT staff in facilitating and/or conducting appropriate outreach and local publicity regarding clinic services.

“EXHIBIT C”

CONTRACTOR’S AND CONSULTANT’S CODE OF CONDUCT - 2002

Potential Proposers shall adhere to current District policy governing the conduct of all Contractors of the District. Current District Policy can be found at the LAUSD website: www.lausd.k12.ca.us/lausd/offices/ethics

1. **Application of the Contractor’s Code of Conduct.** This *Code of Conduct* shall govern the conduct of all contractors and consultants of the Los Angeles Unified School District (“LAUSD”). These standards supersede all prior written ethics policies duly adopted by the LAUSD which are in conflict with these standards. These standards are to be read in conjunction with the latest editions of applicable LAUSD contracting and procurement policies and procedures. All contractors shall insure that their subcontractors comply with this *Code of Conduct*.
2. **Purpose.** The purpose of this *Code of Conduct* is:
 - To protect the integrity of the procurement process;
 - To provide a comprehensive statement of expectations governing the conduct of contractors doing business with the LAUSD so they will be able to compete fairly, and perform their work and services in an ethical manner.
3. **Expectations.** This document does not address all ethical issues which may arise in the course of doing business with the LAUSD. Each person and entity is expected to act ethically at all times and in all things. The LAUSD Ethics Office is responsible for providing education and advice on ethical issues. Contact the Ethics Office with any questions regarding this *Code of Conduct*.
4. **Enforcement.** The provisions of this *Code of Conduct* are enforced by the LAUSD Inspector General, Office of the General Counsel and other appropriate enforcement authorities. The LAUSD may reject any bid or other proposal, or impose other sanctions against any person, contractor or entity that has not complied with the requirements of this *Code of Conduct* or the *LAUSD Lobbyist Registration Code*.
5. **Prohibitions.** No bidder, proposer, contractor or subcontractor shall fraudulently deceive or attempt to deceive any District official with regard to any material fact pertinent to any pending or proposed LAUSD action. Nor shall they do anything with the purpose or intent of placing any District official under personal obligation to the bidder, proposer, contractor or subcontractor.
6. **Avoid The Appearance Of Impropriety.** All contractors shall refrain from conduct which they know or reasonably should know is likely to create in the minds of reasonable, objective, fair-minded observers the perception that they are using their relationship with the LAUSD in an improper manner.
7. **Lobbying.** Under the *LAUSD Code of Ethics* (Lobbyist Registration Code), a “lobbyist” is defined as any person who receives \$4000 or more compensation in any quarter, other than reimbursement for reasonable travel expenses, to influence any LAUSD action. All persons classified as a lobbyist under this definition shall register with the LAUSD prior to the commencement of any lobbying activity. The LAUSD

may disqualify any person or entity that is in violation of this policy from participating in the contracting process. The LAUSD definition of lobbyist may be different than definitions used by other agencies. You should consult the *LAUSD Lobbyist Registration Code* to determine whether you or others retained by you are lobbyists.

8. **Zero Tolerance Regarding Gifts.** No bidder or proposer shall offer, give, or promise to offer or give, directly or indirectly any money, gift or gratuity to any LAUSD procurement employee or consultant at any time.
9. **Zero Tolerance Regarding Offers Of Employment.** No bidder, proposer, or contractor shall offer, or promise to offer, either directly or indirectly, any future employment or business opportunity to any LAUSD employee or consultant, their immediate family, spouse, significant other or business associates of such persons if such offer of employment is conditioned expressly or implicitly on the awarding of a present or future contract, or preference in the awarding of a contract to anyone at any time by the LAUSD.
10. **Contacts By Staff Prior To The Issuance Of A Solicitation.** While informational and market research contacts with prospective contractors are a valuable source of data to the LAUSD, such contacts can be perceived as improper. All parties shall exercise sound judgment and caution to prevent an actual or implied impression that such contacts will result in preferential treatment of the prospective contractor.
11. **Receipt Of Preliminary Information.** No bidder, proposer or contractor shall request, attempt to request or accept from any LAUSD employee or consultant the dissemination of any information regarding present or future contracts, or expectations of such contracts, unless this information is made available at the same time and in the same form to all other bidders, proposers or contractors.
12. **Receipt Of Protected Information.** No bidder, proposer or contractor shall solicit, obtain or accept, directly or indirectly, from any LAUSD employee or consultant, any information developed during the course of the contracting process relating to the procurement prior to the contract award unless this information is a public record under the Public Records Act.
13. **Influencing Contract Decisions, Negotiations and Protests.**
 - a) Commencing with the issuance of a request for proposal, a request for qualifications or any other document initiating the contracting process, and ending at the time the staff recommendation for award is made public, no contractor or representative of a contractor participating in the contracting process shall contact by any means or engage in any discussion concerning the award of the contract with any Board Member or his or her staff, or any LAUSD employee or consultant. Any such contact may be grounds for the disqualification of the contractor. A recommendation for contract award is made public and contact may be initiated when the contract's board report is published by the Board Secretariat.
 - b) During price negotiations of non-competitive bid contracts, contractors or their representatives shall not contact, lobby or otherwise attempt to influence LAUSD employees or consultants (other than negotiation team members), or Board

Members and their staff, relative to any aspect of the contract under negotiation. This provision shall apply from the time of award until the recommendation for execution of the contract is made public. Any concerns relative to any contract under negotiation shall be communicated only to the General Superintendent for resolution.

- c) No contractor or their representative who submitted a proposal or bid in response to a request for proposal, a request for qualifications or any other document initiating the contracting process shall contact a Board Member or his/her staff regarding a protest submitted regarding the recommended contract award or any lawsuit or potential lawsuit regarding the recommended contract award, or any dispute, lawsuit or potential lawsuit concerning the contract.

14. **Contractor Qualification.** The LAUSD will accept bids and proposals for contracts and procurement of goods or services having a value, to be determined by the LAUSD, only from firms or entities which are complying with the LAUSD contracting and procurement policies and procedures, the *Contractor's and Consultant's Code of Conduct* and the *Lobbyist Registration Code*.

15. **Disclosure of Former LAUSD Employees.** To prevent former LAUSD employees from using their relationship with the LAUSD, a LAUSD department or current LAUSD employees to improperly influence procurement decision-making, all bidders, proposers and contractors are required to disclose any of their employees, subcontractors or consultants who, within the last three years, have been or are employees of the LAUSD. The disclosure will be in accordance with current LAUSD contracting/procurement guidelines, but will include (at a minimum) the name of the former LAUSD employee, a list of the LAUSD positions the person held in the last three years, and the dates the person held those positions.

LAUSD will not contract with any bidder, proposer or contractor that compensates any former LAUSD employee or consultant to influence any action on a matter pending with LAUSD if that employee, within the last twelve (12) months, held a LAUSD position in which they personally and substantially participated in that matter.

LAUSD will not contract with any bidder, proposer, contractor or sub-contractor that employs a former LAUSD employee or consultant who, while serving in a LAUSD position within the last 2 years, substantially participated in the development of the contract's RFP, requirements, specifications or in any part of the contract's contracting process.

The LAUSD General Superintendent or his/her designee upon a showing of good cause may waive this prohibition in writing with notification to the Board prior to awarding the contract.

16. **Submitting Proposals After Developing Specifications.** No contractor or consultant who participates in the development of a scope of work, solicitation documents, contractual instruments or technical specifications on behalf of the District may participate as a proposer or sub-proposer or perform any work on that particular procurement. The LAUSD General Superintendent or his/her designee upon a showing of good cause may waive this prohibition in writing.

17. Conflicts Of Interest. A conflict of interest may exist when an LAUSD Board Member, employee or consultant has a financial interest in or towards a person or entity, which results in a real or apparent advantage to that person or entity. The existence of a financial relationship between a contractor and any LAUSD Board Member, employee or consultant, or a member of that employee's immediate family, who has participated in an LAUSD action or in the making of an LAUSD decision concerning that contractor, constitutes a conflict of interest. A conflict of interest may also exist if the contractor has previously employed, or is currently offering employment to, or considering the employment application of, any LAUSD staff or his or her immediate family.

If the contractor has a financial relationship with any LAUSD Board Member, employee or consultant, the contractor shall disclose this fact in writing to the General Superintendent or his/her designee as soon as this potential conflict of interest is known. The Contractor is under a continuing duty to advise the LAUSD of any conflicts of interest that arise during the term of the contract.

While not all conflicts will cause a contractor to be disqualified, failure to disclose a known conflict may justify disqualification and/or sanctions. **BE SAFE - DISCLOSE.**

The General Superintendent or his/her designee, in consultation with legal counsel, shall determine whether a conflict of interest exists and recommend appropriate action for resolution. If it is determined that an actual or apparent conflict of interest exists, the LAUSD General Superintendent or his/her designee shall notify the contractor in writing of this finding and the action that the LAUSD shall take to resolve this conflict of interest.

18. Sanctions. The LAUSD encourages good faith reporting of all suspected violations of this *Code of Conduct*. There shall be no adverse consequences suffered by anyone for making a good faith report of a suspected violation nor shall there be any adverse consequences suffered by anyone accused of violating these standards and subsequently found not to have violated this *Code of Conduct*. The identity of any persons reporting violations of these standards shall be kept confidential to the extent permitted by law.

All suspected violations shall be reported immediately to the Office of the Inspector General or the Ethics Office for investigation. If the Inspector General determines that the allegations have merit, the matter will be referred to the appropriate authorities. The LAUSD may take one or more of the following actions:

- a) Meeting with the contractor to discuss the violation;
- b) Suspending the contract or subcontract involving the offending contractor;
- c) Directing the prime contractor to remove the offending subcontractor from the project;
- d) Rescinding, voiding or terminating the contract; and/or
- e) Any other reasonable sanction deemed appropriate.

The General Superintendent or his/her designee shall state in writing to the contractor his/her findings regarding the violation and, if appropriate, recommend sanctions. The contractor may request an informal hearing with the General Superintendent or his/her designee to explain the contractor's position regarding the